THE Freeman

IDEAS ON LIBERTY

JANUARY 1962

The Elite under Capitalism	*Ludwig von Mises*	3
Welfare Statism in England	*Reginald Jebb*	12
Subsidies for Everyone — A New Way of Life	*Lawrence Fertig*	14
Subsidies Work!	*Paul L. Poirot*	17
Legal but Immoral	*Dean Russell*	19
Importance of the Premise	*Leonard E. Read*	22
An International Order	*Henry Hazlitt*	30
When Republics Decay	*Merryle Stanley Rukeyser*	32
What Is "Freedom"?	*W. E. Sprague*	38
The Economics of Risen Expectations	*H. P. B. Jenkins*	41
Tocqueville and the Bland Leviathan	*Robert Schuettinger*	42
The Web of Materialism	*Charles H. Malik*	53
Telephonic Centralization	*Farmand*	56
Books:		
Urban Utopianism	*John Chamberlain*	58
Other Books		62

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THE Freeman

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LEONARD E. READ *President,* Foundation for Economic Education

PAUL L. POIROT *Managing Editor*

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THE

Elite

UNDER CAPITALISM

LUDWIG VON MISES

A LONG LINE of eminent authors, beginning with Adam Ferguson, tried to grasp the characteristic feature that distinguishes the modern capitalistic society, the market economy, from the older systems of the arrangement of social cooperation. They distinguished between warlike nations and commercial nations, between societies of a militant structure and those of individual freedom, between the society based on status and that based on contract. The appreciation of each of the two "ideal types" was, of course, different with the various authors. But they all agreed in establishing the contrast between the two types of social cooperation as well as in the cognition that no third principle of the arrangement of social affairs is thinkable and feasible.[1] One may disagree with some of the characteristics that they ascribed to each of the two types, but one must admit that the classification as such makes us comprehend essential facts of history as well as of contemporary social conflicts.

There are several reasons that prevent a full understanding of

[1] See Ludwig von Mises, *Human Action* (New Haven, Conn.: Yale University Press, 1949), pp. 196-199.

Dr. Mises is Visiting Professor of Economics at New York University and part-time adviser, consultant, and staff member of the Foundation for Economic Education.

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the significance of the distinction between these two types of society. There is in the first place the popular repugnance to assign to the inborn inequality of various individuals its due importance. There is furthermore the failure to realize the fundamental difference that exists between the meaning and the effects of private ownership of the means of production in the precapitalistic and in the capitalistic society. Finally, there is serious confusion brought about by the ambiguous employment of the term "economic power."

Inborn Inequality

The doctrine that ascribed all differences between individuals to postnatal influences is untenable. The fact that human beings are born unequal in regard to physical and mental capacities is not denied by any reasonable man, certainly also not by pediatrists. Some individuals surpass their fellow men in health and vigor, in brain power and aptitude for various performances, in energy and resolution. Some people are better fit for the pursuit of earthly affairs, some less. From this point of view we may – without indulging in any judgment of value – distinguish between superior and inferior men. Karl Marx referred to "the inequality of individual endowment and therefore productive capacity (Leistungsfähigkeit) as natural privileges" and was fully aware of the fact that men "would not be different individuals if they were not unequal."[2]

In the precapitalistic ages the better endowed, the "superior" people, took advantage of their superiority by seizing power and enthralling the masses of weaker, i.e., "inferior" men. Victorious warriors appropriated to themselves all the land available for hunting and fishing, cattle raising and tilling. Nothing was left to the rest of the people than to serve the princes and their retinue. They were serfs and slaves, landless and penniless underlings.

Such was by and large the state of affairs in most parts of the world in the ages in which the "heroes"[3] were supreme and "commercialism" was absent. But then, in a process that, although again and again frustrated by a renascence of the spirit of violence, went on for centuries and is still going on, the spirit of business, i.e., of peaceful cooperation under the principle of the division of labor, undermined the mentality of

[2] Critique of the Social-Democratic Program of Gotha (Letter to Bracke, May 5, 1875).

[3] Werner Sombart, *Händler und Helden* (Heroes and Hucksters) (Munich, 1915).

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the "good old days." Capitalism – the market economy – radically transformed the economic and political organization of mankind.

In the precapitalistic society the superior men knew no other method of utilizing their own superiority than to subdue the masses of inferior people. But under capitalism the more able and more gifted men can profit from their superiority only by serving to the best of their abilities the wishes and wants of the majority of less gifted men. In the market economy the consumers are supreme. They determine, by their buying or abstention from buying, what should be produced, by whom and how, of what quality and in what quantity. The entrepreneurs, capitalists, and landowners who fail to satisfy in the best possible and cheapest way the most urgent of the not yet satisfied wishes of the consumers are forced to go out of business and forfeit their preferred position. In business offices and in laboratories the keenest minds are busy fructifying the most complex achievements of scientific research for the production of ever better implements and gadgets for people who have no inkling of the scientific theories that make the fabrication of such things possible. The bigger an enterprise is, the more it is forced to adjust its production activities to the changing whims and fancies of the masses, its masters. The fundamental principle of capitalism is mass production to supply the masses. It is the patronage of the masses that makes enterprises grow into bigness. The common man is supreme in the market economy. He is the customer "who is always right."

In the political sphere representative government is the corollary of the supremacy of the consumers in the market. The officeholders depend on the voters in a way similar to that in which the entrepreneurs and investors depend on the consumers. The same historical process that substituted the capitalistic mode of production for precapitalistic methods substituted popular government – democracy – for royal absolutism and other forms of government by the few. And wherever the market economy is superseded by socialism, autocracy makes a comeback. It does not matter whether the socialist or communist despotism is camouflaged by the use of aliases such as "dictatorship of the proletariat" or "people's democracy" or "Führer principle." It always amounts to a subjection of the many to the few.

It is hardly possible to misconstrue more improperly the state of affairs prevailing in the capi-

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talistic society than by dubbing the capitalists and entrepreneurs a "ruling" class intent upon "exploiting" the masses of decent men. We do not have to raise the question how the men who under capitalism are businessmen would have tried to take advantage of their superior talents in any other thinkable organization of production activities. Under capitalism they are vying with one another in serving the masses of less gifted men. All their thoughts aim at perfecting the methods of supplying the consumers. Every year, every month, every week something unheard of before appears on the market and is very soon made accessible to the many. Precisely because they are producing for profit, the businessmen are producing for the use of the consumers.

Confusion Concerning Property

The second deficiency of the customary treatment of the problems of society's economic organization is the confusion produced by the indiscriminate employment of juridical concepts, first of all the concept of private property.

In the precapitalistic ages there prevailed by and large economic self-sufficiency, first of every household, later – with the gradual progress toward commercialism – of small regional units. The much greater part of all products did not reach the market. They were consumed without having been sold and bought. Under such conditions there was no essential difference between private ownership of producers' goods and that of consumers' goods. In each case property served the owner exclusively. To own something, whether a producers' good or a consumers' good, meant to have it for oneself alone and to deal with it for one's own satisfaction.

But it is different in the frame of a market economy. The owner of producer's goods, the capitalist, can derive advantage from his ownership only by employing them for the best possible satisfaction of the wants of the consumers. In the market economy property in the means of production is acquired and preserved by serving the public and is lost if the public becomes dissatisfied with the way in which it is served. Private property of the material factors of production is a public mandate, as it were, which is withdrawn as soon as the consumers think that other people would employ the capital goods more efficiently for their, viz., the consumers', benefit. By the instrumentality of the profit and loss system the capitalists are forced to deal with "their" property as if it were other peoples' property entrusted

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to them under the obligation to utilize it for the best possible provision of the virtual beneficiaries, the consumers. This real meaning of private ownership of the material factors of production under capitalism could be ignored and misinterpreted because all people – economists, lawyers, and laymen – had been led astray by the fact that the legal concept of property as developed by the juridical practices and doctrines of precapitalistic ages has been retained unchanged or only slightly altered while its effective meaning has been radically transformed.[4]

In the feudal society the economic situation of every individual was determined by the share allotted to him by the powers that be. The poor man was poor because little land or no land at all had been given to him. He could with good reason think – to say it openly would have been too dangerous –: I am poor because other people have more than a fair share. But in the frame of a capitalistic society the accumulation of additional capital by those who succeeded in utilizing their funds for the best possible provision of the consumers enriches not only the owners but all of the people, on the one hand by raising the marginal productivity of labor and thereby wages, and on the other hand by increasing the quantity of goods produced and brought to the market. The peoples of the economically backward countries are poorer than the Americans because their countries lack a sufficient number of successful capitalists and entrepreneurs.

A tendency toward an improvement of the standard of living of the masses can prevail only when and where the accumulation of new capital outruns the increase in population figures.

The formation of capital is a process performed with the cooperation of the consumers: only those entrepreneurs can earn surpluses whose activities satisfy best the public. And the utilization of the once accumulated capital is directed by the anticipation of the most urgent of the not yet fully satisfied wishes of the consumers. Thus capital comes into existence and is employed according to the wishes of the consumers.

Two Kinds of Power

When in dealing with market phenomena we apply the term "power," we must be fully aware

[4] It was the great Roman poet, Quintus Horatius Flaccus, who first alluded to this characteristic feature of property of producers' goods in a market economy. See Mises, *Socialism*, new edition, p. 42 n.

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of the fact that we are employing it with a connotation that is entirely different from the traditional connotation attached to it in dealing with issues of government and affairs of state.

Governmental power is the faculty to beat into submission all those who would dare to disobey the orders issued by the authorities. Nobody would call government an entity that lacks this faculty. Every governmental action is backed by constables, prison guards, and executioners. However beneficial a governmental action may appear, it is ultimately made possible only by the government's power to compel its subjects to do what many of them would not do if they were not threatened by the police and the penal courts. A government supported hospital serves charitable purposes. But the taxes collected that enable the authorities to spend money for the upkeep of the hospital are not paid voluntarily. The citizens pay taxes because not to pay them would bring them into prison and physical resistance to the revenue agents to the gallows.

It is true that the majority of the people willy-nilly acquiesce in this state of affairs and, as David Hume put it, "resign their own sentiments and passions to those of their rulers." They proceed in this way because they think that in the long run they serve better their own interests by being loyal to their government than by overturning it. But this does not alter the fact that governmental power means the exclusive faculty to frustrate any disobedience by the recourse to violence. As human nature is, the institution of government is an indispensable means to make civilized life possible. The alternative is anarchy and the law of the stronger. But the fact remains that government is the power to imprison and to kill.

The concept of economic power as applied by the socialist authors means something entirely different. The fact to which it refers is the capacity to influence other peoples' behavior by offering them something the acquisition of which they consider as more desirable than the avoidance of the sacrifice they have to make for it. In plain words: it means the invitation to enter into a bargain, an act of exchange. I will give you *a* if you give me *b*. There is no question of any compulsion nor of any threats. The buyer does not "rule" the seller and the seller does not "rule" the buyer.

Of course, in the market economy everybody's style of life is adjusted to the division of labor, and a return to self-sufficiency is out of the question. Everybody's

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bare survival would be jeopardized if suddenly he would be forced to experience the autarky of ages gone by. But in the regular course of market transactions there is no danger of such a relapse into the conditions of the primeval household economy. A faint image of the effects of any disturbance in the usual course of market exchanges is provided when labor union violence, benevolently tolerated or even openly encouraged and aided by the govment, stops the activities of vital branches of business.

In the market economy every specialist – and there are no other people than specialists – depends on all other specialists. This mutuality is the characteristic feature of interpersonal relations under capitalism. The socialists ignore the fact of mutuality and speak of economic power. For example, as they see it, "the capacity to determine product" is one of the powers of the entrepreneur.[5] One can hardly misconstrue more radically the essential features of the market economy. It is not business, but the consumers who ultimately determine what should be produced. It is a silly fable that nations go to war because there is a munitions industry and that people are getting drunk because the distillers have "economic power." If one calls economic power the capacity to choose – or, as the socialists prefer to say, to "determine" – the product, one must establish the fact that this power is fully vested in the buyers and consumers.

"Modern civilization, nearly all civilization," said the great British economist, Edwin Cannan, "is based on the principle of making things pleasant for those who please the market and unpleasant for those who fail to do so."[6] The market, that means the buyers; the consumers, that means all of the people. To the contrary, under planning or socialism the goals of production are determined by the supreme planning authority; the individual gets what the authority thinks he ought to get. All this empty talk about the economic power of business aims at obliterating this fundamental distinction between freedom and bondage.

The "Power" of the Employer

People refer to economic power also in describing the internal conditions prevailing within the various enterprises. The owner of a private firm or the president of

[5] Cf. for instance, A. A. Berle, Jr., *Power without Property* (New York: Harcourt, Brace, Inc.), 1959, p. 82.

[6] Edwin Cannan, *An Economist's Protest* (London: P.S. King & Son, Ltd., 1928), pp. VIf.

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a corporation, it is said, enjoys within his outfit absolute power. He is free to indulge in his whims and fancies. All employees depend on his arbitrariness. They must stoop and obey or else face dismissal and starvation.

Such observations, too, ascribe to the employer powers that are vested in the consumers. The requirement to outstrip its competitors by serving the public in the cheapest and best possible way enjoins upon every enterprise the necessity to employ the personnel best fitted for the performance of the various functions entrusted to them. The individual enterprise must try to outdo its competitors not only by the employment of the most suitable methods of production and the purchase of the best fitted materials, but also by hiring the right type of workers. It is true that the head of an enterprise has the faculty to give vent to his sympathies or antipathies. He is free to prefer an inferior man to a better man; he may fire a valuable assistant and in his place employ an incompetent and inefficient substitute. But all the faults he commits in this regard affect the profitability of his enterprise. He has to pay for them in full. It is the very supremacy of the market that penalizes such capricious behavior. The market forces the entrepreneurs to deal with every employee exclusively from the point of view of the services he renders to the satisfaction of the consumers.

What curbs in all market transactions the temptation of indulging in malice and venom is precisely the costs involved in such behavior. The consumer is free to boycott for some reasons, popularly called noneconomic or irrational, the purveyor who would in the best and cheapest way satisfy his wants. But then he has to bear the consequences; he will either be less perfectly served or he will have to pay a higher price. Civil government enforces its commandments by recourse to violence or the threat of violence. The market does not need any recourse to violence because neglect of its rationality penalizes itself.

The critics of capitalism fully acknowledge this fact in pointing out that for private enterprise nothing counts but the striving after profit. Profit can be made only by satisfying the consumers better or cheaper or better and cheaper than others do. The consumer has in his capacity as customer the right to be full of whim and fancies. The businessman qua producer has only one aim: to provide for the consumer. If one deplores the businessman's unfeeling preoccupation with profit-seeking, one has to realize two

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things. First, that this attitude is prescribed to the entrepreneur by the consumers who are not prepared to accept any excuse for poor service. Secondly, that it is precisely this neglect of "the human angle" that prevents arbitrariness and partiality from affecting the employer-employee nexus.

A Duty of the Elite

To establish these facts does not amount either to a commendation or to a condemnation of the market economy or its political corollary, government by the people (representative government, democracy). Science is neutral with regard to any judgments of value. It neither approves nor condemns; it just describes and analyzes what is.

Stressing the fact that under unhampered capitalism the consumers are supreme in determining the goals of production does not imply any opinion about the moral and intellectual capacities of these individuals. The individuals qua consumers as well as qua voters are mortal men liable to error and may very often choose what in the long run will harm them. Philosophers may be right in severely criticizing the conduct of their fellow citizens. But there is, in a free society, no other means to avoid the evils resulting from one's fellows' bad judgment than to induce them to alter their ways of life voluntarily. Where there is freedom, this is the task incumbent upon the elite.

Men are unequal and the inherent inferiority of the many manifests itself also in the manner in which they enjoy the affluence capitalism bestows upon them. It would be a boon for mankind, say many authors, if the common man would spend less time and money for the satisfaction of vulgar appetites and more for higher and nobler gratifications. But should not the distinguished critics rather blame themselves than the masses? Why did they, whom fate and nature have blessed with moral and intellectual eminence, not better succeed in persuading the masses of inferior people to drop their vulgar tastes and habits? If something is wrong with the behavior of the many, the fault rests no more with the inferiority of the masses than with the inability or unwillingness of the elite to induce all other people to accept their own higher standards of value. The serious crisis of our civilization is caused not only by the shortcomings of the masses. It is no less the effect of a failure of the elite. ◈

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REGINALD JEBB

Welfare Statism in England

THE GREAT social drift in England during the past forty years has been toward a kind of totalitarianism. This fact is all the more depressing when it is realized that outstanding books written by widely read authors have appeared here during this period, showing in somberest colors the consequences of the trend. The drift, nevertheless, has accelerated. Three books come to mind, two of them works of fiction: Hilaire Belloc's *The Servile State* (1912), Aldous Huxley's *Brave New World* (1932), and George Orwell's *1984* (1949).

Belloc's book was critical of "capitalism," which word he used in a special sense, not as an equivalent to "the free market economy" but as descriptive of the kind of interventionist state which existed in his England. "Capitalism" – in this sense – was under constant attack by Socialists. The result of this onslaught, Belloc foresaw, would not be the Cooperative Commonwealth of socialist fantasy; it would be a state in which the mass of men were reduced to servility.

Both Belloc and Huxley anticipated a generally *accepted* serfdom. Freedom would not be exchanged for tyranny in the harsh sense. There would be plenty of bread and circuses. Even in Orwell's horrific picture of the future, the majority were adequately fed and cared for, and those outside the state's detailed supervision were too weak and degenerate to cause the rulers any trouble. They simply did not count.

It is this ready acceptance by the people of the loss of freedom that is the most alarming feature of these three books, for even though the hero of *1984* rebels against the intolerably subservient

Mr. Jebb is a British educator, editor, and journalist.

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conditions imposed on him, his rebellion ends in a mad ecstasy of submission.

Why is it that these three remarkable books have had little or no influence on the course of events? They are not mere guesses at the future, brilliant but founded on nothing more solid than the imagination of their authors. *The Servile State* reads more like the solution of an algebraic problem than a prophecy, and Huxley can point, in his recent revision of *Brave New World*, to developments that bear out his original thesis. All three books are confirmed by events.

Perhaps the answer to the question of their small influence is to be found in the appearance of the Welfare State. The lure of irresponsible ease and a rise in the so-called standard of living have blotted out from the minds of a big proportion of the population the price to be paid for governmental ordering of their lives. Because a large measure of freedom is still left to them and because the immediate prospects appear to be pleasant, they do not trouble to look at the hard logic of common sense. Neither the gloomy forebodings of thinking men nor the actual financial crises that the country has been undergoing affect them.

This insensitiveness to cause and effect is increased by the propaganda both of governments in power and the political parties of the Left. Governments invariably seek to enlarge the area of their influence, for the appetite for power, once acquired, is insatiable. But the propaganda of the Left is more sinister and nauseous. It sets out to assume a high moral purpose – protection of the weak against the heartlessness of the Right – and on this plea it proceeds to press for centralized control, so as to be able to distribute wealth as it thinks fit. This is a useful vote-catching device and at the same time tightens the bonds restraining individual freedom. Yet it would be difficult to find a single politician who condemns the principle underlying the Welfare State as it is organized in England.

England is wealthier today than it was a generation ago. Motor cars, television sets, washing machines, refrigerators, and a host of other modern inventions have come into the possession of millions who never dreamed of such amenities before. There is a superficial prosperity in many parts of the country. People have been led to attribute this progress to the Welfare State, ignoring the advance of technology, the aid given by the United States, the mortgaging of the future, and so on. But they do

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not realize – or at all events do not admit – either the insecurity of what has been built up or the loss of vigor and human satisfaction that the system involves.

If we leave the display window and penetrate into the store, the picture is very different. Here we find anxiety, discontent issuing in litigation and strikes, the growth of a wholly materialistic outlook combined with an almost total absence of thrift. We find, too, the professions, notably the medical profession, becoming bureaucratized, business interfered with and slowed up by red tape, taxation increasing, and prices rising. All this not only clouds the minds of those receiving benefits with a dread of their impermanence, but also encourages irresponsibility which grabs at what it can while the going is good. That adds to the general economic insecurity, weakens human morality and, hence, increases crime and governmental restrictions to combat it.

Clearly with this burning of the candle at both ends – state subsidies at the one end and lack of personal effort at the other – the system is bound to break down, and our three prophets will have been vindicated. The longer it lasts, the less virility will remain to effect a recovery. ◈

Subsidies for Everyone — A New Way of Life

LAWRENCE FERTIG

YOU'VE probably heard the old story about the inhabitants of a fabled island who did not seem to be engaged in producing goods of any kind. When a puzzled visitor asked how they got along without work, he was told the answer was very simple. "We make a living by taking in each other's washing." To some extent, at least, the handing out of subsidies to individuals by the U. S. government reminds one of this fabled island.

Of course, if everybody were

Mr. Fertig is economic columnist for the *New York World Telegram and Sun* and other Scripps-Howard newspapers, in which this article first appeared October 9, 1961. He also is the author of the new book, *Prosperity Through Freedom.*

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subsidized equally, no one would profit and subsidies would have no special value. The game then would be up. But this is far from the case today. Now, some groups have their hands deep in the public trough receiving substantial subventions while millions of hard-working taxpayers must pay the bill and work all the harder to pay the taxes which pay the subsidies.

Undoubtedly the largest single subsidy in the country goes to agriculture. The Department of Agriculture spends over $6 billion a year, of which nearly $4 billion pays for farm subsidies in the form of price supports for crops. But while the farmer is heavily favored, he is certainly not alone in getting government money.

The extent of subsidies can be judged by the report of the Joint Economic Committee of Congress at the end of 1960. It takes seven solid pages of type in this report to describe all the subsidies which are provided today — ranging from subsidies to shipbuilding and ship-operating companies through domestic sugar producers, consumers of electric power, and dwellers in public housing, to veterans.

The irrationality of subsidies reaches its height in the payment of 8.5 cents a pound to exporters of raw cotton, with the result that foreign producers of textiles can buy cotton that much cheaper than American producers, which then makes a high tariff on manufactured textile imports necessary in order to protect American manufacturers.

But the end is not in sight — not by a long shot. Whenever a new problem arises, someone rushes forward with a ready solution — a new subsidy. The most recent recommendation of this kind came from the Interstate Commerce Commission which has authority to regulate railroads. The Commission suggested a $52 million payment to railroads to subsidize commuter traffic. This, of course, would only be a starter. The subsidy would grow.

Everyone knows that the railroads are in dire straits because of high costs. Yet, curiously enough, the subsidy suggestion came to Congress within a few days of a demand by rail unions for another wage increase of 25 cents an hour, plus provisions for a six-month notice of layoff to rail workers. Railroad officials estimate this demand will cost the industry more than $274 million and, if applied (which it would be in time) to nonunion rail workers as well, the total cost would be $462 million. About a third of Class 1 railroads didn't even earn their fixed charges in the first seven months of 1961. Now, costs

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will go up – and, of course, more subsidies will probably be offered as a solution.

This column has frequently told about the plight of American railroads. They have been overtaxed, and overregulated, and crippled by government action. In 1959 railroads paid $422 million in miscellaneous taxes to state and local governments while truck lines, air carriers, and bus lines paid less than 10 per cent of that sum. Airlines can recover their investment in new airplanes in as little as five years, bus lines in seven years, but railroads have an average depreciation schedule of 28 years, and their buildings about 100 years.

We can hardly be accused of being callous to the interests of the railroad industry since we have written in support of their demand for the four freedoms – "freedom from discriminatory regulation, from discriminatory taxation, from subsidized competition, and freedom to diversify." But just where do we stop with subsidies? The present government formula seems to be to overburden and practically destroy an industry; and then, instead of trying to remove the obvious cause of the trouble, a proposal is made to disguise the weakness by a government handout.

The subsidy racket reached its zenith recently when the *New York Times* editorially approved subsidies for the Metropolitan Opera Company because new union demands made the conduct of opera practically impossible. "If the Met is subsidized, of course all other operas should be aided too," said Don Francisco in a letter to the *New York Times*. "Next in line with crutches and cup would come the ballet, closely followed by musical concerts, light opera, and other forms of entertainment. . . . In due course logic would suggest aid to good movies and TV and radio stations if in distress. . . . And some of our newspapers and magazines aren't doing so well financially. How about a little assist for them? Their contents are art. And it is important that the public be kept abreast of current events and world-wide problems. . . ."

Of course, all this is said with tongue-in-cheek, and may sound fantastic now. But who knows what demands will be made for federal government support if we continue to follow our present course? The idea seems to be to load industry down with uneconomic restrictions and taxes and then try to patch up the resulting mess with a government subsidy. ◈

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PAUL L. POIROT

Subsidies Work!

OPPONENTS OF federal aid and other forms of subsidy often base their objections on "the fact that subsidies won't work." Unfortunately for their argument, subsidies *do* work, and that is a major reason why they are objectionable.

Maybe the best way to get at this matter is to consider our common experiences as buyers and sellers in the market place. If we happen to offer an item for sale and it "goes like hot cakes," we are likely to conclude that the customers want more and that we ought to produce and offer more of the item. Or, as buyers of an item especially to our liking, we do our best to make sure the seller keeps it in good supply. The function of pricing in a free market is to see that "the price is right" to keep the supply of anything in reasonable balance with the demand for it. A "high" price encourages production and discourages consumption; a "low" price encourages consumption and discourages production. Most anyone can understand, after a moment's reflection, how and why this works in the market place.

And if a person will carry on that thought, he'll see that subsidies work in somewhat the same way. For instance, it is fairly obvious, after years of experience in the United States, that a subsidy for wheat will encourage the production of wheat until it overflows the granaries and "Liberty Ships" and figuratively "runs out of our ears." Subsidized surpluses of corn, cotton, tobacco, peanuts, butter, cheese, eggs – anything at all – accumulate in the same way.

Surpluses of coal miners, auto workers, steel workers, or specialists at any service are practically guaranteed if the price of the service is held high enough and a subsidy is offered to the unemployed. There is no surer way to have a high level of unemployment in an economy than to pay people for not working.

At first blush, one might suspect that subsidized housing would lead to a surplus of dwellings, but actually it is the dwellers who are

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subsidized, not the dwellings. Thus, the inevitable consequence of subsidized housing is an increase in the number of families seeking to occupy subsidized space.

Likewise, food subsidies increase the numbers of those qualifying for free food; transportation subsidies increase the numbers of free riders; education subsidies increase the numbers of those who need education; clothing subsidies increase the numbers of the ill-clad; medical-care subsidies increase the numbers of those who seem to be sick; old-age subsidies increase the numbers of the aged indigent; subsidies to the poor assure endless and growing poverty.

Opponents of Welfare State implementation of the gospel of Karl Marx – to each according to need – are wrong in declaring that subsidies won't work! *Subsidies always work* to increase the supply – create a surplus – of the thing or the group that is being subsidized. Now, it well may be that those who advocated the subsidies in the first place did not understand what the inevitable consequences would be; perhaps they actually believed that subsidies would work backwards and that it is possible to diminish poverty by subsidizing it. Whatever their intentions, subsidies *do work,* and ought not to be trifled with.

Since subsidies are so deceptively dangerous – taking from some without their consent or knowledge and giving to others in a way that seems to aggravate rather than cure what ails them – it behooves us to seek other solutions to our problems.

We mentioned earlier that buyers and sellers, voluntarily offering and risking in a free market only what is their own, seem to gain phenomenal results if the "American Common Market" (the United States without welfarism) may be taken as an example. Competitive enterprise, regulated by consumer choice as reflected in the ups and downs of price in a free market, tends to reward according to merit – as our peers judge merit. And what is the measure of a man's success in a free market? The extent to which he effectively serves others as these others want to be served! Wealth accumulates in the hands of those who most economically and abundantly produce the things which alleviate poverty, and thus people are stimulated to emerge and climb and help themselves. Multiplying wealth is by far the fastest way to help the poor. Dividing wealth and subsidizing poverty is the fastest way to starve everyone.

Let's be careful what we subsidize, because subsidies work! ◈

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MEASURES ARE TOO OFTEN DECIDED, NOT ACCORDING TO THE RULES OF JUSTICE AND THE RIGHTS OF THE MINOR PARTY, BUT BY THE SUPERIOR FORCE OF AN INTERESTED AND OVERBEARING MAJORITY.

LEGAL—BUT IMMORAL

DEAN RUSSELL

ALL OF US, at one time or another, have repeated the phrase, "Might doesn't make right." But like any other idea that, from constant repetition, degenerates into a mere cliché, we forget the meaning behind the words. That's why so few of us see the contradiction in the phrases, "Might does not make right," but "The way to determine whether Social Security is right or wrong is to vote on it."

In reality, who or what gets the most votes in an election is totally unrelated to who or to what is right.

When the majority of the people in old New England (and in other places at other times) endorsed that frightful campaign to search out and to burn witches, that didn't make it right. Everyone can now see that. But when I point out that price controls and subsidies to farmers are also morally and economically wrong, observe what happens. The farmers who get the subsidies (and the politicians who get the votes) immediately accuse me of not believing in democracy – "The people voted for it in a democratic election," they say, "so that makes it right." I say flatly, it does not.

When the majority of the American people endorsed the Eighteenth Amendment to our Constitution, that did not make drinking

Dr. Russell is Professor of Economics at Rockford College and Chairman of the Department of Economics and Business Administration. This article is from his weekly editorial column in the Sunday edition of the *Rockford* (Illinois) *Morning Star*, September 10, 1961.

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wrong; it merely made it illegal. Drinking is right or wrong on its own merits. And it did not suddenly become right again when the American people repealed the "prohibition amendment"; at that point, the drinking of whisky merely became legal once more.

Of course, the law and morality are frequently together on a given issue. For example, it is both immoral and illegal to murder and to steal. We are fortunate in such cases, for then we do not have to choose between law and morality. But since there is no positive relationship of any description between legalities and moralities, it is a mere coincidence when they correspond. The criteria for right and wrong come from a source (in fact, from several sources) that are outside of government. They existed before any current government was ever formalized. And, of course, they continue to exist during and after a revolution and the formation of a new government. The government does not, and cannot, bring them into existence.

Is It Right or Wrong?

I shall not here be so presumptuous and arrogant as to tell you what is right and what is wrong in all the relationships of mankind. In many areas and on many issues, I just don't know. I can, however, offer a useful procedure for determining which is which.

Ask yourself whether human slavery is right or wrong. Was it right a hundred years ago? (Remember, the American people had approved of slavery and had voted for it.) After you have answered that rhetorical question as best you can (and have listed your reasons), you will discover that what the law says, or what your duly elected congressman says, are not included in your sources and guides for determining right from wrong. Nor did it even enter your mind to call your neighbors together for a vote on the issue.

I am confident that those same standards, guides, principles, and sources (whatever they may be) are more likely than any others to give you the correct solution to the many vital questions that we must answer as individuals and as a people. Hold fast to them and you are not likely to be pulled off-side by the childish notion that voting is the proper way to determine right from wrong. You will also then be in a far better position to use your vote intelligently to help determine what we should make legal and what we should make illegal, based on something more substantial than current and popular emotions.

Mechanically, I have no objection whatever to the democratic

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process – the mechanism – that we use to select our officials and to decide various issues that are of equal concern to all of the people. I can't think of any other practical way to do it. But I become discouraged indeed when people confuse the mechanism itself with the rightness and wrongness of the resulting actions. The "liquidation" of millions of persons in Communist Russia under Stalin was wrong; it would have been equally wrong even if the overwhelming majority of the Russian people had voted for it in a democratic election. It is a fact that Hitler was elected more democratically than were most of the Presidents of the United States. But that fact is, of course, totally unrelated to the rightness or wrongness of the proposals and acts of the leaders of the two nations. In the final analysis, the only issue that can be decided by governmental voting is to determine what the minority shall be forced to do by the majority. That dangerous weapon should be used sparingly indeed.

When To Vote?

If voting could really be used to determine right from wrong – and what we should all be forced or forbidden to do – we could use it to settle the religious question once and for all. We could vote democratically to decide which religion we shall all be compelled to follow. (It always amuses me to observe how some of the most rabid of the social democrats back away from that one; and on occasion, I have been known to resort to the low trick of taunting the worst of them with this question: "What's the matter – don't you believe in democracy and the right to vote anymore?")

Perhaps James Madison, in the tenth *Federalist Paper*, best answered this general question on voting and democracy. "Measures are too often decided, not according to the rules of justice and the rights of the minor party, but by the superior force of an interested and overbearing majority."

That's why our Founding Fathers deliberately established a Republic with heavy checks and balances against popular and hasty actions, instead of a Democracy in which the people are encouraged to believe that they have the "right" to vote on anything and everything. It's too bad that their plan is being so constantly eroded away. ◈

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IMPORTANCE OF THE PREMISE

LEONARD E. READ

ONE OF THE GREAT DEBATES of our time concerns the role of government in human affairs – government limited to defense of life and property versus government regulation and control of every aspect of our lives. Not that this is a new problem, for the proper role of government in society has engaged the attention of the ablest minds since the time of Plato. At present, however, the debate bogs down. The more the matter is discussed nowadays, the more confused become people's beliefs and the further they seem to move from any common understanding of the problem or agreement on the answer.

Never in all history has the discussion been on such a scale as now, never such airing of views – with practically everyone seemingly bent on setting all others straight. But the more that some people contend with each other over the issues, the more is discord promoted, the less is harmony achieved. Force, rather than personal freedom of choice and action, mounts the driver's seat. Why this unhappy state of affairs?

The reason may be nearer to home than most of us suspect. Few libertarian proponents of strictly limited government are sharply conscious of why they believe as they do. Nor have most authoritarians bothered to examine the why of their positions. Much less does either pretend to know or really care what is in the other's mind, or why. Obviously, persons with no fundamental premises of their own are unlikely to have anything fundamental in common with each other. So, let us first examine the *why* of our own beliefs.

The reason we do not know why we believe and act as we do is because we are not aware of our basic premise or prime value or fundamental point of reference. With our lives anchored to nothing, we tend to believe and act aimlessly;

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that is, we obey emotional compulsions instead of adhering strictly to the disciplines imposed by some transcendental premise or value or principle personally thought out and accepted. People swayed by a variety of emotional compulsions – acting outside the realm of reason and with no knowledge of what moves them or others – can find no common ground, regardless of how much they talk or fight. They lack a *common* premise; individually, they lack a *conscious* premise.

Covetousness is an example of an emotional trait, as is fear of disapproval or desire for approbation. Suppose one person covets only political power and another only material wealth. With such diverse motivations, how could discussion lead them to agreement or even common understanding on, let us say, the TVA idea? The former would sense an advantage; the latter would think his ambitions thwarted. And the more logically they argue from such nonreasoned premises – from their emotional compulsions – the more widely would they diverge.

Marcus Aurelius remarked, "If you would discuss with me, first define your terms." Good! But much more important and useful would be to say, "First, let us at least understand each other's premise, even though we may not agree." For it is fruitless to discuss economic, political, social, and moral subjects without first understanding our own premises as well as the premises of others. Otherwise, no party to the discussion can possibly know how to evaluate another's statements.

Man's Purpose

"What is your object in life? What is it you hope to achieve by your earthly existence? What, in your view, is your purpose here?" These would be appropriate questions to ask anyone who sees fit to argue about man's relationship to man.

Many people have never raised these questions with themselves, much less reflected on the answers. In this unthoughtful state, they do not qualify as instructors on questions of what's right and what's wrong in social, political, and economic affairs.

To arrive at a basic premise, one must ask and answer a fundamental human question: What is the goal of man's earthly striving; that is, what is life's highest value?

Is man's purpose here longevity, to extend creatural existence, stretch his life span?

Is it to accumulate wealth, pile up material possessions, get rich?

Should man aim to achieve supremacy over his fellow men, gain

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personal power, make others behave as he sees fit?

Ought man to expend his life's energies in trying to remake others in his own likeness; that is, become the ultimate arbiter of humanity?

With the questions put in this stark form, most people, even without prior reflection, would acknowledge that man is made for other things than these; he should have higher values. Yet, things such as these, in infinite variation, have served as motivations for countless actions, including those of "statecraft." Lust for power, glory, fame, title, notice, adulation, pomp, riches – all for a momentary show-off before earthlings – is about as much of a life goal as many people have. Try to discuss sensibly with people thus motivated a subject such as the scope of government!

Consider, briefly, the current rash of public discussions, debates, and "interviews"– radio, TV, and grand ballroom variety – and reflect on the why of their inanity. Of course, in the first place, they are designed mostly for entertainment. As the educational director (this was his title) of a national network said to seven of us prior to going on the air, "While we prefer that you not use profanity, don't let anything stand in the way of making this a hot scrap." Second, and by the very nature of these verbal brawls, the incentive is not to shed light but rather to out-clever one's adversary. And third – by far the most important reason for the puerile nature of these insincere shows – is that no participant has the slightest notion what the other fellow's premises are, and may not know his own!

To demonstrate further the futility and the aimlessness of discussions where premises are in the the dark, merely reflect on personal experiences with friends and associates. Note how often attempts to "talk it out" lead to nothing but sharpened awareness of disparity in viewpoints. Failure to understand each other's basic point of reference or prime value is more apt to yield bad feelings than harmonious conclusions.

Consider again those two persons, one whose chief aim is political power and another whose major purpose in life is the accumulation of material wealth. They decide to discuss or debate the efficacy of the TVA idea. In all probability, neither is fully aware of his own motivation, and it is almost certain that neither is conscious of the other's basic point of reference. Should each argue logically from his own major object in life, the former would have to judge the TVA idea – govern-

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ment control and ownership of the means of production – to be consistent with his life's pattern; and the latter, seeking opportunity for private investment, would judge the idea to be inconsistent with his life's pattern. The longer they argue logically from their motivations – the further they move from agreement concerning TVA. It cannot be otherwise.

How much better if each were to start by examining his own premise and explaining it to the other! The first would confess, "I have no object or life value above that of political power." The second, "I have no object beyond that of great wealth." At this point they could conclude in unison, "It is useless for us to discuss the efficacy of the TVA idea. We should, instead, confine ourselves to a discussion of our varying premises. For, unless we can find a common or near-common premise, our reasoning and argument will only lead us astray and apart."

Variable Objectives

The variation in our respective life-values is enormous. Some men want power; some riches; a few seek justice.

"Men have sought all sorts of other things – they have sought God, they have sought beauty, they have sought truth or they have sought glory, militarily or otherwise. They have sought adventure; they have even – so anthropologists tell us – sometimes believed that a large collection of dried human heads was the thing in all the world most worth having."[1]

These comments are important and relevant. First, reflect on the senselessness of two individuals, discussing social, political, economic, and moral matters, the life object of one being only dried human heads and the sole object of the other being riches. Arguing logically from such shallow premises, one would condone murder and the other would see nothing wrong in buying thousands of acres of land and having the government take money from other people to pay him for not growing wheat on it. There is no need to belabor the futility of such argument. *It is quite evident that all philosophical argument which does not proceed from a conscious premise is, perforce, a nonconscious argument – idle nonsense.*

Second, while there is no prospect of any substantial number of people thinking through and adopting a common premise, we can recognize a fairly general but vague search for such motivational background. Merely observe the

[1] See "Life, Liberty and the Pursuit of Welfare" by Joseph Wood Krutch in the Adventures of the Mind series, *Saturday Evening Post*, July 15, 1961.

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attempt of people to "pigeonhole" others. Are they Republicans? Democrats? Socialists? Leftists? Rightists? Pinks? Reds? Physiocrats? Benthamites? Liberals? Reactionaries? New Dealers? Conservatives? Libertarians? These are fuzzy questions to which nothing better than fuzzy answers can be expected; nonetheless, they do demonstrate that many of us like to know what is at the root of people's actions and positions. If an individual's standard doesn't measure up to our own, we cross him off our list as unworthy of instructing us. Who would want advice from one bent only on collecting human heads? Or political plunder? Or coercive power over others?

Third, basic premises or life-values are on a scale of their own. They range from bad to good, from hellish to heavenly, from evil to virtuous, from senseless to sound, from immoral to amoral to moral. In short, it does matter what one's major premise is – indeed, it may matter more than anything else in this earthly experience.

A "Good Will" Guide

A most admirable premise was developed and set forth by Immanuel Kant. His premise was that *good will* is the highest good, but he did not use the phrase as the equivalent of mere good intentions or general friendliness. The exercise of *good will*, according to Kant, is an affirmation of man's moral freedom by which he participates in the world of things as they really are, and acts in terms of his own nature. He wrote:

> "Everything in nature works according to laws. Only a rational being has the capacity of acting according to the conception of laws, i.e., according to principles. This capacity is will. Since reason is required for the derivation of actions from laws, will is nothing else than practical reason."[2]

Kant's *good* was measured by whether he could answer yes to the question, "Can I will that my maxim become a universal law?" No rational being could will that lying or stealing or killing should be universally practiced; therefore, lying, stealing, and killing must perforce be rejected as maxims for personal conduct. They are bad!

Kant argued that any discussion which makes no reference to fundamental principles (basic premise) produces a disgusting jumble of patched-up observations and half-reasoned principles. "Shallow-pates enjoy this, for it

[2] See *Foundations of the Metaphysics of Morals* by Immanuel Kant (New York: The Liberal Arts Press, 1959), p. 29.

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is very useful in everyday chit-chat."[3]

On the positive side Kant contended that a basic premise was indispensable "because morals themselves remain subject to all kinds of corruption so long as the guide and supreme norm for their correct estimation is lacking."[4] Each individual must, of course, determine his own basic premise or supreme norm, deriving as much instruction as possible from others who have seen fit to devise and accept basic premises for themselves.[5]

The Emerging Individual

While having only admiration for Kant's system of reasoning, my own adopted premise, though not inconsistent with his, is stated quite differently – certainly less profoundly – and is set forth for such reflection as anyone may wish to give it. My supreme norm or premise or fundamental point of reference has its origin in my answer to the question, "What is the purpose of man's earthly existence?"

Admittedly, the answer to this question has to be highly personal. It will vary according to one's fundamental assumptions. To me, it is self-evident that man did not create himself, for man knows almost nothing about himself. Man is the creature of God, or, if you prefer, of Infinite Principle or Consciousness or Intelligence. And there's more to life than the five senses reveal. Thus, these assumptions can be summarized as follows:

a. A belief in the primacy or supremacy of an Infinite Consciousness;
b. A conviction that the individual human consciousness is expansible; and
c. A faith in the immortality of the human spirit.

For anyone with assumptions such as these, the answer to the question, "What is the purpose of man's earthly existence?" comes clear: It is for each individual to come as near as he can to the realization of those creative powers which are peculiarly and distinctively included in his own potentialities. *Man's purpose here is to grow, to emerge, to hatch, to evolve in consciousness, partaking as much as he can of Infinite Consciousness.*

If the above is accepted as the highest purpose of earthly life, it

[3] *Ibid.*, p. 26.

[4] *Ibid.*, p. 6.

[5] C. E. M. Joad's *Decadence*, particularly the first eight chapters, is a brilliant explanation of what follows the "dropping of the object," that is, the disastrous results of not having high principles as premises. This book, published by Faber and Faber, Ltd., London (430 pp.), can be obtained from Humanities Press, Inc., 303 Fourth Avenue, New York 10, N. Y. $2.75.

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follows that any force – psychological or sociological – which binds or retards or in any way restrains the individual human spirit in its emergence must be thought of as an immoral and evil force. Conversely, the absence of such retarding and restraining forces – *the personal practice of freedom* – is moral, good, virtuous.

A Point of Reference

With this as a supreme norm or fundamental point of reference, it is easy enough to stand any and all proposals and propositions up against it and to form fairly accurate judgments as to whether they inhibit or promote a movement toward this ideal. Not only does this establish a basis for consistent action but it also permits others to judge whether one's moral, social, economic, and political positions are logical deductions from the acknowledged premise. Others may disagree with the premise, which is their privilege.[6] In this case the only discourse that makes sense must have to do with the varying premises. But, if the premise be adjudged satisfactory, then all issues can be intelligently discussed with enlightenment to the parties concerned.

Be it noted that in the above premise, as well as in Kant's, each individual is assumed to be an end in himself. Anyone who acknowledges an Infinite Consciousness cannot help respecting fellow human beings as the apertures through whom Infinite Consciousness flows and manifests itself. Can man – any of us – predict which individuals will be most graced in this respect? Indeed not! Throughout recorded history the breakthroughs have occurred in the most unlikely individuals. Thus, it is the height of egotistical arrogance to doubt that each person – regardless of status, station, education, or whatever – is an end in himself. It would seem that no premise could qualify as good or moral *or libertarian* which fails to meet this qualification. Reason clearly dictates that "we treat humanity, whether in our own person or in that of another, always as an end and never as a means only."[7]

In deciding on a supreme norm or fundamental premise for oneself it is advisable to select one that is unattainable; such, for instance, as the expansion of one's own consciousness – – the more

[6] "If a man does not keep pace with his companions, perhaps it is because he hears a different drummer. Let him step to the music which he hears, however measured or far away." Henry David Thoreau. *Walden*. Ch. XVIII.

[7] *Foundations of the Metaphysics of Morals*, p. 47.

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one advances, the more there is to be conscious of. It is a road of individual progress that has no end.

Consider this: A person has his eye set on scaling the world's highest mountain. This is his life's ambition, his only goal. Repeatedly he fails, but the challenge will not down. Finally, he succeeds and triumphantly stands in the rarefied air of his accomplishment – his mission achieved! No other object lies before him.

Reflect on the planning, the physical training – the growing in strength – that accrued to him so long as the object was before him. Now, contemplate what happens in the way of fading, weakness, atrophy, when life's deed is done, when there is no further object.

People arrive in a new land confronted with a wilderness. Clearing the forests and overcoming all the obstacles nature offers is their lot. Observe their development. Now, let them succeed, become affluent – their object realized, no other goal before them. Their moral fiber becomes soft, flabby; they become sloppy thinkers.

"Nothing fails like success," Dean Inge used to say; that is, no one can set himself an attainable object and, after its achievement, continue to grow. Thus, one's object ought to be of the unattainable variety, one that calls for perpetual striving, leading the individual on an endlessly emerging road.

Reduced to the workaday world of practical affairs, a philosophy which concedes that each individual is an end in himself is a philosophy that precludes the practice of the few using the many as means. This philosophy is diametrically opposed to the socialistic scheme under which most of us unwillingly serve as means to the nefarious ends of those exercising unprincipled political power.

A high-principled premise for each rational human being is seen to be of the utmost importance. Lacking it, there can be no sensible discussion of moral questions, and without such discussion there can be no foundation for a free society. The adoption and strict observation of high-principled premises will, on the other hand, result in as straight thinking and as consistently sound action as rational individuals are capable of. How well men and women do this determines the extent of freedom in society.

Yes, freedom depends on you. The individual is both its means and its end – the only foundation of freedom, and also its crowning object. ◈

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AN INTERNATIONAL ORDER

HENRY HAZLITT

TURIN – Economists and political scientists from eighteen nations met (Sept. 3 to 9) in this Italian city to discuss some of the world's political and economic problems.

They are members of the Mont Pelerin Society, named after the place where it first met in Switzerland fourteen years ago. The original meeting was attended by only 47 persons from little more than half a dozen countries – the U. S., Britain, France, Italy, Switzerland, Belgium, Holland, and Norway. Chiefly under the leadership of F. A. Hayek, author of *The Road to Serfdom,* who became the society's first president, the group was united by a common belief in libertarian principles – in limited government, in free, private, competitive enterprise, in the lowering or abolition of the barriers to international trade, in the restoration of a world monetary order, in the restoration of a Rule of Law, internally and externally. They were against the network of price controls and exchange controls that then existed, against the drift into socialism, collectivism, national planning, and the welfare state, that seemed so irresistible in Europe and so fashionable in the U.S.

The group that met in 1947 felt isolated. Those especially who came from Continental Europe thought of themselves as "liberals," and called themselves that; but their principles – of traditional liberalism – were regarded as reactionary, outmoded, and unreal by their socialist and welfare-statist colleagues in the academic world. For the great majority of those who met were university professors.

Men of Influence

In the following decade, however, the Mont Pelerin Society met with more success than its original members had dared to hope for. Its membership now exceeds 200, from more than twenty countries, including non-European countries such as Japan, India, Argentina,

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and Peru. And its membership, though still dominantly made up of professors and scholars, includes men who occupy or have occupied positions of great influence or power in their own countries — Sen. Luigi Einaudi, former President of Italy, Dr. Ludwig Erhard, Economics Minister of West Germany, Jacques Rueff, author of the Rueff economic program in France, Pedro Beltran, the Premier of Peru, to name a few.

The original members of the society have lived to see stifling economic controls, internal and external, lifted in a score of countries, currencies stabilized, inflations in many countries brought to a comparative halt, and a wide disenchantment with socialist panaceas. Some of the members have been influential in bringing about these reforms. But they have acted always as individuals. The society is in no sense a propaganda organization; it has no platform, program, or declared statement of principles. It meets purely for the exchange of ideas, and though it is pervaded by a libertarian philosophy and spirit, there are differences of opinion on details.

Global Topics

At the meeting the members discussed such topics as the relationship of democracy and liberalism, the responsibilities of the Western countries to the underdeveloped areas, the status of Communism, particularly in Italy, France, and South America, and the possibility of a return to an international monetary order.

Again, in the shadow of the Berlin crisis and the threats and actions of Khrushchev, many members expressed the deepest misgivings about the outlook for economic order and freedom. Yet there was a surprising area of agreement among the recommendations of individual speakers for national and international currency reform. What was remarkable was the almost unanimous conclusion that the only alternative to inflation and continued monetary chaos was a restoration of the international gold standard.

There was, to be sure, some dissent from this view. There was even more disagreement among individual speakers concerning the exact method of returning to a full gold standard and of adopting new currency unit values in terms of gold. But not a single speaker expressed satisfaction with the present International Monetary Fund system. Several, indeed, dismissed it as a pseudo-gold standard, a "gilded" standard with a built-in world inflationary bias. ◈

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When Republics Decay

MERRYLE STANLEY RUKEYSER

A THOUGHTFUL DESIGN for national survival and progress must embrace matters of the spirit and of philosophy as well as physical tools and military hardware.

Courage and adherence to high principle cannot be relegated to automatic machines, but must remain in the domain of human discretion. The adventure of being free entails risk.

A people corrupted by fear and demagoguery can lack the character to utilize the military hardware which they have provided. Former Secretary of State John Foster Dulles knew that we would be putty in the hands of the dictators unless we should determine to approach the very brink of war.

Nikita S. Khrushchev is forever probing character weakness in the West, and his key to power lies in his conclusion that free peoples want peace at any price.

The vagaries of survival in these tense times cannot prudently rest on a foundation of sweet talk and wishful thinking. The intelligent answer to Khrushchev's vulgar threat, "We will bury you," requires a balanced program. It should never be overlooked that the function of the expensive military hardware, in the world of power politics, is to preserve for us the right of decision-making in matters pertaining to our interests. It would indeed be a subtle tragedy if science and industrial skills provided the requisite tools and yet we declined as a society as a result of inner decay.

The diagnostic test of whether national greatness can endure is how much we care about principles and about the institutions which implement individual free choice. The national suicide squad is led

Mr. Rukeyser is a business consultant, lecturer, and writer of the nationally syndicated column, "Everybody's Money."

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– no doubt inadvertently – by so-called practical men who don't want to buck the trend – no matter how irrational it may be.

The national wrecker subordinates hard realities to the pressures from the wishful thinkers. Unscrupulous politicians seek personal aggrandizement through the poisonous device of building up alliances of minorities. The phrase-makers seek to hide the nature of the process of semantic manipulation. The latter-day "liberals" mask their backward steps by using seductive labels. As we examine the true inwardness of the progressive spirit, we rediscover that the Founding Fathers, aware of the perfidy of exploiters, were progressive innovators in setting up the American constitutional system of checks and balances. They provided a blueprint for progress and development. The living constitution was a conscious effort to protect men not only from foreign and domestic dictators, but also even from the tyranny of majorities.

In this highly propagandized second half of the twentieth century, when there is increased emphasis on the "image" instead of on the reality, there must be new awareness of the disguised tyrannies stemming in part from organized minorities.

While freedom includes the right to be wrong, survival depends on a satisfactory batting average in being prudent. This goal in turn hinges on an uninterrupted flow of objective data to the decision-makers. Instead of getting a false sense of security from leaning on old clichés, we should realize that, to a growing extent, "spot news" is subject to manipulation. It is at times inspired, and its timing is determined by the public relations hirelings of special interests. If the press plays such news straight, it can be a party to pollution of the wells from which public opinion flows.

The late President Franklin D. Roosevelt accelerated influences which weaken the process of decision-making and expression of sound principles. F. D. R. gave great impetus to subtle forces that in an invisible manner have been changing our form of government. I can testify at firsthand that when new ideas and proposals were taken to the White House, Mr. Roosevelt would say: "Who's behind them?" It would have been better if he had set up as criteria such tests as "Are they prudent?" and "Are they in the national interest?" If the suggestions sounded good, the President would suggest that you get organizations to back them and put steam behind the demand for legislative action.

Thus, with the prestige of high

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office, F. D. R. gave great acceleration to the expansion and development of pressure groups as an extra-legal fourth branch of government.

Business Leadership

Those who have not uncritically joined this band wagon have been subject to criticism. Thus, through the years, I have the argument *ad nauseam* that businessmen were not as effectively organized in petitioning Congress as the unions, the farmers, the temperance lobby, and others. But I have always felt that as an elite minority those in positions of leadership in the business world had an obligation to speak responsibly – not cynically to act as a countervailing force to organized intellectual recklessness. Furthermore, under a competitive system in a free society, it is fantastic to try to promote a monolithic expression of the business viewpoint. There can be no regimented solidarity among competitive enterprises, for even in time of boom, some, once respected, are falling by the wayside while others are growing. In the realm of finance, diversity is the life of trade. If there were unanimity of opinion and thought control, the stock ticker would become paralyzed. Transactions depend on differences between buyers and sellers. Free markets depend on individualistic thinking and they abhor conformity.

The present danger from militant and imperialistic communism leaves no time for dilettante niceties. Men must pick sides. You cannot be for the competitive system, yet at the same time be against the personalities which make it work. The point can be illustrated by the key role of investment in this broad struggle for survival. The domestic "do gooders" who sneer at financial institutions and private property are – perhaps unwittingly – hacking away at the foundations of national strength.

The Role of Investment

In the final test of power in competitive co-existence, the question is whether a free society through voluntary discipline can save out of each year's production enough seed corn for the future. In dictatorships, little commissars in big jobs arbitrarily make such allocations.

Certainly antibodies are at work in the United States. Investment is appealing to an ever broadening base, and new financial packages of convenience, such as mutual funds, closed end investment companies, and common trust funds operated by banks and trust companies, are making it feasible for

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the untutored to develop financial independence for themselves and, in so doing, to provide tools (capital goods) for the nation.

The point, however, is that it is futile to be for freedom and capitalism, and to be against the capitalists.

If we are to frustrate Khrushchev's hope of an American decline, those who merchandise stocks to a wider following should be recognized for their important social contribution. Those who widen the demand for securities are accelerating what the late Thomas N. Carver, Harvard economist, once described as "the present economic revolution in the United States." Thus, the investment banker, the mutual fund distributor, the creator of common trusts, and other financial and corporate executives provide the mechanism by which adequate savings can be channeled into the productive machinery essential for economic growth.

Any insidious assault on the institutions which make it feasible for free men to be self-disciplined weakens our society. Thus there should be a defense mechanism of strict standards against such organized pressure groups as exploit emotionalism and economic fallacy. The danger is all the more insidious since these paper organizations invariably wrap themselves up in the noblest terms. They glibly suggest that they are on the side of the angels. Yet they strike against the very survival of a free society, in tending to alter our basic governmental structure, by substituting their pressures for the voluntary decisions of responsible governmental and private policy makers.

Business Weakness

The impact of such hidden manipulation by pressure groups is not only to be observed on national, state, and local governmental levels but also in voluntary business affairs. Thus, during the psychoses of the depression of the nineteen thirties, minority groups of small stockholders sometimes frightened chief executives by asking publicly what their salaries were. The implication was that no one should earn more than a congressman. The president of one company displayed lack of integrity by offering under fire to cut his salary.

Instead of folding up under demagoguery, a mature corporate official would have shown that his emoluments were an infinitesimal fraction of total expenses. At the same time sheer common sense points to the fact that the quality of management is the key to corporate success or frustration.

A conspicuous exception to the

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trend at that time was the late George Washington Hill, president of American Tobacco Company. When a dissident small stockholder group made a frontal attack on Hill's liberal salary and bonus plan for officers, Hill laid it right on the line. He defended his plan as in the interest of the stockholders, and announced, in the spirit of a parliamentary Prime Minister, that unless the stockholders voted overwhelmingly for his proposal, he would construe the attitude as showing "no confidence" in the leadership, and he would forthwith resign. The stockholders responded to courage, and Hill won a decisive victory.

International Frustration

In times of crisis, it is folly to fall for seductive labels. Certainly every dictator in history has attempted to justify his brand of tyranny as social reform. Even the brutal Soviet system seductively labels itself the "People's Government," though it has undertaken to outlaw individual free choice. The arch cynic, Huey Long, when once asked whether we would ever have Fascism in this country, replied in the affirmative, adding: "Of course, it'll be described as a movement to fight Fascism."

National greatness requires more than a high "Trendex" rating. The authentic statesman is willing to pay a price in reversals for adherence to sound principles. In the profile of a great society in the future, it is essential to ferret out an elite of dedicated public servants who put principle above passing popularity. The true leader has sufficient integrity to reject the poisonous view that it is foolish to buck the trend.

In these times, domestic demagoguery – taking the easiest way to win votes – has been paralleled by international demagoguery. Instead of trying to stay in character and behave in accordance with our traditions and ideals, in our neighborly relations with other nations, we have developed a new cult of modifying our policies to conform to some abstraction known as "world opinion" and we have particularly slanted expressions to the impact on the "uncommitted nations." It is time we began to merchandise our true character and our authentic principles, instead of trying to be slick in appearing to be something different from what we are.

If, internationally, we forsake principle and morality for popularity with newer nations, we face frustration. A fraudulent façade over the long run will be self-defeating. Through the years, this Republic will be judged by what it is and what it stands for – not by unprincipled "image making."

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The world, you may be sure, will say of this Republic: "What you are speaks so loudly, I cannot hear what you say."

We go downhill when we corrupt our virtues in order to bring them in line with other people's misconceptions. On the other hand, we can perpetuate national greatness if we care enough to preserve the reality of progressive human institutions which give optimum freedom of choice to the individual man. A constructive attitude should be expressed in everyday life in private as well as in public affairs.

In business, this means a reluctance to make short cuts by cynically settling lawsuits against racketeers, instead of showing the patience to castigate evil. In governmental affairs it signifies unwillingness to make appointments except on merit and a refusal to use public office as a device for paying off personal and party debts.

Khrushchev's vulgar threat, "We will bury you," will remain idle rhetoric unless we cooperate from within through corruption, indifference, and lack of intestinal fortitude.

It is morally debilitating to impair standards by such cynical attitudes as "business is business" and "politics is politics."

Survival Qualities

Survival hinges on the vitality and creativity of the individual personality. This constructive approach includes willingness in the spirit of public service to buck debilitating pressures, no matter how disguised in semantic symbols of "peace and progress." Forward motion depends on tenacious ability to see through "political blue sky" and misleading "labels." It hangs on mature realism which can penetrate phony labels such as "People's Republic" in Russia and China, which are fronts for viciously reactionary police state dictatorships.

The American of the future needs the vision to see through the essential backwardness involved in imposing governmental compulsion in areas hitherto reserved for individual free choice. The Republic will be strengthened when it becomes fashionable to implement basic principles – rather than be satisfied with lip service.

The dynamic citizen is unafraid in conserving the virtues, morality, and philosophic principles which make for continuing national greatness. The free man rates liberty at the highest priority, and is unsympathetic to tendencies to put material security ahead of spiritual and intellectual independence. ◈

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What is "Freedom"?

W. E. SPRAGUE

DEFINITIONS of "freedom," both as a word and as an actuality, are always a priority target for those who support any concept of The State Supreme. Any governmental system that aims at controlling the welfare or destiny of its citizens – contrary arguments notwithstanding – must logically assume that the needs, wants, and desires of its citizens will be uniform or can be made so. Freedom, therefore, either as a word or as an actuality, is a dangerous enemy since it assumes differences among needs and wants, and further involves some concept of individual choice. Hence, freedom must either be destroyed or suppressed, or its meaning must be seduced to serve the aims of the apostles of The State.

Mr. Sprague is a free-lance writer with a background of some fifteen years in sales, credit, and insurance. He now specializes in what he terms "the practical application of history, logic, and language studies to daily living."

In Orwell's *1984*, the minions of Big Brother have seduced it thus: "Freedom is slavery . . ." The citizens of Huxley's *Brave New World* are untroubled by concepts of freedom since their wants and needs are uniform indeed – made so by state-controlled genetics. And in the real world about us, as opposed to these fictional worlds, the meaning of freedom seems no longer clear to many. Whether by accident of history or design of statism's adherents, or both, traditional ideas of liberty and freedom have run afoul of what might well be termed the "Philosophy of Determinism."

From one quarter, we are assailed by a growing cult of "Scientism" that holds all human behavior as being determined, as though man were some sort of automaton swirled and buffeted by unknown and unknowable currents streaming randomly about

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him. To some, this idea seems re-echoed from another quarter, psychology and psychiatry. Here the scene is even darker; we glimpse the soul lost within itself, the self torn by endless conflict. In still other quarters, we are classed as "inner-directed," as "other-directed," as victims of "hidden persuaders," as gravitating blindly to symbols of prestige and status. Freedom, in this view, is a myth and a farce. Man's cry that he is free is a cry and nothing more. He is bound by countless shackles of determinism, all to the pleasure of the Marxist who said all along that man's destiny is materialistically determined, that the "classless society" (by merit of the Super State) will ultimately be, no matter what, and that man has no choice but to work for that "inevitable future."

The Philosophy of Determinism, then, seems to stand in opposition to "freedom" because it excludes the possibility of individual choice. It will not, or cannot, hear the voice that says: "Man is endowed with free will." And there is something ominous in the growing number of Americans who are embarrassed by that term, "free will." They will not use it, for as surely as they do, they will be challenged by some disciple of "determinism" to explain what they could possibly mean "by such a nebulous, spiritual term." They will not use it for fear of drowning in deep metaphysical waters. Yet freedom, if it is to have any meaning at all, not only does but *must* involve ideas of free choice; it must be predicated upon what has long been called "free will."

If free will is a myth, and with it freedom – if man has no power of choice, no volitional controls, then we are as the communists say we are, "fools resisting the inevitable." If freedom finds no link with fact through free will, then the logic of "cradle to grave" is inevitable and irrefutable. Let us then open wide our arms and embrace the Almighty State.

The Power To Choose

But freedom *has* a meaning. Man *has* the power to choose. And the "Philosophy of Determinism" is a philosophy of ignorance, born of both deliberate and unwitting distortions of the valued things of science.

Man has indeed free will, and hence freedom has meaning – when that free will, that power to choose, is exercised. Let those who doubt or deny ask the scientists they distort. Man has the ability to observe, measure, test, evaluate, and select from among the alternatives that face him; this, essentially, is all that free will simply means, or all that it

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has ever meant. Insist, if you wish, that there is more to it than that. Fine! But this is the basic meaning: when man observes, measures, tests, evaluates, and then selects, he is using his "free will"; he is fulfilling the meaning of freedom.

Man's freedom may be limited in many ways; he cannot perhaps do whatever he has a mind to. It may, indeed is, limited by his own biology, his cultural heritage, and by the world about him. And those who argue that these limitations are somehow a proof, that whatever man chooses, his choice is, by such limitations, still determined for him, argue a *reductio ad absurdum;* argue a point that is without meaning, consequence, or significance. They fail to see, or refuse to see, that the "determinants" of his choice are the very observations, testings, measurements, and evaluations that he makes.

Man is free, and freedom thus has meaning, when he will use the power of choice that he possesses. He is not chained by the distorted views of "scientism"; he is a soul lost within itself and a self torn by conflict only when he is unable or unwilling to awaken to his true strength; he is a victim of disguised persuasion and follows status symbols (if he truly does at all) only as he fails to use his freedom. Man is free to learn from his mistakes and from his triumphs; he is free to build a world upon this learning, if he will, and build it freely through voluntary cooperation, free exchange of labor and ideas, and through balancing – not leveling – the differences in individual wants and needs.

Above all else, man is not the helpless victim of some imagined "inevitable verdict of history"; he is not destined irretrievably for some State Supreme. His destiny, personally and collectively, is in his hands, awaiting his decision. Let those who challenge freedom and free will be answered thus:

"I have free will. If you prefer to call it something else, something not quite so 'spiritual and nebulous,' then call it 'logic' or 'reason' or simply 'the power to choose.' Or if you prefer something with the sound of science, try 'evaluative selection' or perhaps 'algebraic evaluation.'

"Call it anything you like; it's more than a *word,* it's an actuality. I have it, and so do you. And when you use it, you know what freedom is!" ◈

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THE ECONOMICS OF RISEN EXPECTATIONS

or — PURSUIT OF WEALTH IN SUNNY CLIMES

It was a cold and cloudy day
With snowflakes drifting by.
Old Kaspar pulled the curtains tight
And turned the fire high,
While Peterkin and Wilhelmine
Looked at the television screen.

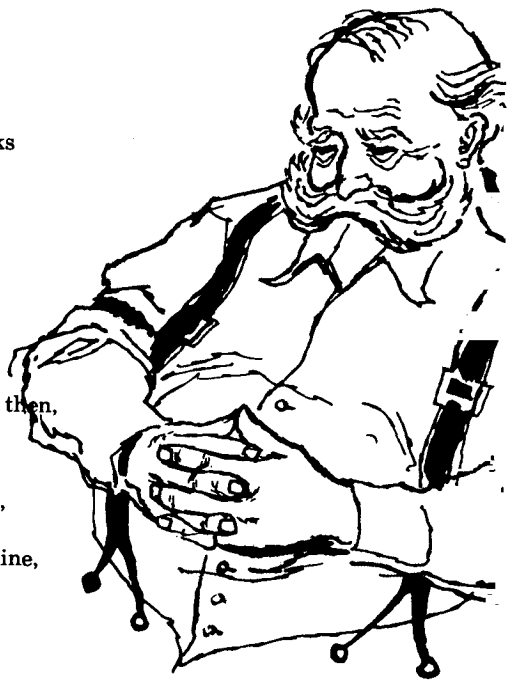
They saw a foreign city street
Where people by the score
Were throwing sticks and jagged rocks
Against a guarded door;
While multitudes of standers-by
Were shouting slogans at the sky.

"Now tell us what it's all about!"
Cried little Peterkin.
"It is a demonstration, Pete,"
Said Kaspar with a grin.
"They want a more abundant share
Of things we make to eat and wear."

"When freedom comes," said Kaspar then,
"To folks in sunny lands,
They all expect a flood of wealth
To fill their empty hands.
When such illusions are destroyed,
They feel most righteously annoyed."

"Can throwing rocks," asked Wilhelmine,
"Make all those people rich?"
"They hope it will," Old Kaspar said,
"Without the slightest hitch.
It's how their need for Foreign Aid
Can be most pointedly displayed."

"Did we get rich by throwing rocks?"
Asked little Peterkin.
"When we were young," Old Kaspar sighed,
"We had to toil and spin.
But nations starting off today
Expect to find a quicker way."



H. P. B. JENKINS
Economist, Fayetteville, Arkansas

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[The power of government] covers the surface of society with a network of small complicated rules, minute and uniform, through which the most original minds and the most energetic characters cannot penetrate, to rise above the crowd. The will of man is not shattered, but softened, bent, and guided; men are seldom forced by it to act, but they are constantly restrained from acting. Such a power . . . does not tyrannize, but it compresses, enervates, extinguishes, and stupefies a people, until each nation is reduced to nothing better than a flock of timid and hard-working animals, of which the government is the shepherd.[1]

— ALEXIS DE TOCQUEVILLE

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TOQUEVILLE AND THE BLAND LEVIATHAN

ROBERT SCHUETTINGER

ALEXIS DE TOCQUEVILLE was an aristocrat who was at the same time the most perceptive critic and the truest friend that democracy ever had; he loved liberty, as he himself said, with "a holy passion," and his greatest fear was that in the new Age of the Common Man the ideal of equality would become the means by which freedom would be extinguished.

His two books, *Democracy in America* and *The Old Regime and the French Revolution*, earned for Tocqueville a lasting reputation primarily because he did not think that the historian's role should be confined to relating facts or that the sociologist should be merely a statistician; he was interested in something more than in what the "scientific" historians called *wie es gewesen* (what actually happened). What he wanted to do was to understand *why* institutions grew up and *why* events came about. Describing America he regarded as much less important than the task of analyzing democracy.

He read little and was indebted to few predecessors. Those few, however, included Plato, Aristotle, and Burke, and these he mastered. His limited reading was not due to any lack of bookishness but rather to a conscious desire to think his own thoughts; because of this resolve, his works are packed with original ideas. The reader of Tocqueville is forced to proceed at a slow pace since he soon notices that almost every paragraph is the germ of another book.

He has been called "the prophet of the mass age," because he fore-

[1] Alexis de Tocqueville, *Democracy in America* (New York: Vintage Books, 1954. Vol. II, bk. VI).

Mr. Schuettinger is a graduate student under Prof. F. A. Hayek of the Committee on Social Thought at the University of Chicago. He is associate editor of the *New Individualist Review* (P.O. Box 4309, Chicago 80). This article has been slightly expanded from the original version first published in the Summer 1961 issue of that journal.

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saw, in 1835, what were to become the two great movements of our time: the increasing centralization of government power and the irreversible trend toward equality. The first movement he condemned without any hesitation; the second, he welcomed, with reservations. He knew that democracy, while inevitable, could come to any country in either one of two forms: a free variety or an unfree. By a free democracy, Tocqueville meant what we now call nineteenth-century liberalism: a democratically elected government in which the rights of the individual are supreme and are safeguarded by a constitution putting definite limits on the power of the state. Unfree democracy, according to Tocqueville, can again be divided into two types. The first of these is the totalitarian state which is based on the belief that one man *(Fuehrer-prinzip)* or group of men (dictatorship of the vanguard of the proletariat) effectively represents the will of the people and is mandated by them to eliminate all opposition. The second type is usually spoken of today as the Welfare State; it is what I have called in the title of this essay "the Bland Leviathan," a despotism different from the first in that it is gentle and benevolent. This does not mean, however, that the second form of despotism is any more to be desired than the first; as Justice Brandeis has remarked, "Experience should teach us to be most on our guard to protect liberty when the government's purposes are beneficent."[2]

Tyranny of Mediocrity

Tocqueville saw that the real threat to a democratic society in our age would not be what the Tories dreaded, anarchy, nor would it be the absolute dictatorship feared by the Old Liberals; rather, it would be the mild tyranny of mediocrity, a standardization of mind and spirit, a gray uniformity enforced by a central government in the name of "humanity" and "social justice."

In setting out to understand the present nature and future course of democratic society, Tocqueville was determined to be interested in the *truth* and in nothing else. History has confirmed so many of his predictions primarily because he divested himself of as many of his prejudices as he possibly could. This strength of character has earned for him an almost unique reputation among political theorists for fairness and impar-

[2] Justice Brandeis, in his dissenting opinion in *Olmstead* v. *United States* went on to warn that "the greatest dangers to liberty lurk in insidious encroachment by men of zeal, well meaning but without understanding." Quoted in F. A. Hayek's *The Constitution of Liberty* (Chicago, 1960) p. 253.

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tiality. More often than any other commentator, before or since, he has been called "always just, always right."

Politically, he was a critic of both parties and a member of none. "Intellectually," he once wrote, "I have an inclination for democratic institutions, but I am an aristocrat by instinct . . . I have a passionate love for liberty, law, and respect for rights . . . . I am neither of the revolutionary party nor of the conservative. Nevertheless, when all is said, I hold more by the latter than the former. For I differ from the latter more as to means than as to end, while I differ from the former both as to means and end." Tocqueville could not be a revolutionary because, as he once noted, their "spirit combines very well with a love for absolute government"; nor could he ever feel entirely comfortable with Tories since time and again their "insane fear of socialism" would "throw them into the arms of despotism." Clearly, as he himself said, he was "a liberal of a new kind."

A Full Life

Tocqueville was born in 1805 at a time when a people's emperor ruled France; his grandfather, the Comte de Tocqueville, had been imprisoned during the Revolution and his more distant ancestors were included in the rolls of the Norman conquerors. He never used his title, however, and determined to make a career for himself as a lawyer and writer. In 1831, with his friend, Gustave de Beaumont, he toured the United States; upon his return he began to write *Democracy in America*, the book which placed him second only to Montesquieu among French political theorists. Shortly after its publication, he was elected to the presidency of the *Academie des Sciences Morales and Politiques*. In 1839, he was elected to the Chamber, serving as deputy from Valognes and, briefly, as foreign minister for the Second Republic. His political career was terminated abruptly by Louis Napoleon's *coup d'état* in 1851; after spending two days in a make-shift jail, Tocqueville retired to his estate to write history instead of making it. He died in Cannes in 1859, his life cut short by a disease of the lungs.

In his history of the Old Regime, Tocqueville applauded the men who had overthrown the tyranny of the Bourbons. In his own time, he ranked himself with those who were dedicated to destroying the power of privileged groups still hostile to liberty and equality. He saw, however, that as the old goals of equality before

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the law and equality of opportunity were reached, more and more men began to advocate the only possible means by which equality could be *further* extended: systematic regimentation directed by a centralized government. These men, who wanted economic equality even at the expense of liberty, were the socialists. As Tocqueville wrote, "They had sought to be free in order to make themselves equal; but in proportion as equality was more established by the aid of freedom, freedom itself was thereby rendered more difficult of attainment."

By raising up the absolute sovereignty of the people to replace the old divine right of kings, men found that they had only exchanged one master for another, and erected a new despotism upon the ruins of the old. The idea that right is simply what the majority of the people want, Tocqueville dismissed "as the language of a slave." In place of the notion that the supreme good is "the greatest happiness for the greatest number,"[3] Tocqueville believed in a natural law, an ideal of justice against which all men's actions must be measured.

Tocqueville was not at all interested in the outward forms that state power assumed. As he once remarked, "When I see that the . . . means of absolute command are conferred on a people or a king, upon an aristocracy or a democracy, a monarchy or a republic, I recognize the germ of tyranny, and I journey onwards towards a land of more hopeful institutions." What he *was* interested in was freedom.

The Nature of Freedom

But how did Tocqueville characterize the nature of freedom? If we are to distinguish between a genuinely free democracy and its perversion, this is the crucial question. In essence, he would have defined freedom as the right to do what you want to do, limited by natural obstacles but by no man-made restraints except the law that no man has a right to interfere in another's rights.

Beyond this, however, Tocqueville looked upon the spiritual nature of freedom as much more important than any of its material benefits. He believed that in the long run, freedom brings prosperity to those who know how to keep it, but he admitted that there are times when it interferes with

[3] In disagreeing with the utilitarianism of Bentham and J. S. Mill, Tocqueville avoided the intellectual trap in which the latter found himself. At one time in his career, Mill thought that if communism did provide the most happiness for the most people, it would be preferable to the risks of a free society. See J. S. Mill, *Principles of Political Economy* (New York, 1883) vol. I, p. 269.

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material comfort; there are times, in fact, when despotism alone can insure wealth or even subsistence. He knew that there would be many times in the future when the widespread craving for material well-being, for "security," would lead men straight to servitude.

Liberty To Grow

The chief value of liberty, he thought, was that it gave men the opportunity to be what human beings *ought to be*. This is why he wrote: "That which at all times has so strongly attached the affection of certain men is the attraction of freedom herself, her native charms independent of her gifts . . . apart from all 'practical considerations' . . . the pleasure of speaking, acting, and breathing without restraint, under no master but God and the law. The man who asks of freedom anything other than itself is born to be a slave."[4]

Tocqueville saw that no men, including confirmed tyrants, disputed the merits of freedom; in the case of despots, however, they wished to keep it for themselves, on the theory that lesser men were unworthy of it. He was aware that the value of freedom *per se* has never been at issue; what men are really quarreling about is their opinion of their fellow men. The more contempt men feel for those around them, the greater will be their admiration for a strong central government which will show them how they ought to live.

In Tocqueville's own time, as in ours, there was never any shortage of what Wilhelm Roepke calls "the power-thirsty, cocksure, and arrogant planners and organizers." In a speech to the 1848 Constituent Assembly, Tocqueville pointed out the one characteristic which unites these social engineers of all schools: "a profound opposition to personal liberty." What the socialists wanted – a complete reorganization of society along "rational" lines – he saw could never be accomplished without instituting a new system of serfdom.[5]

Unlike most of his opponents on both the Left and the Right, Tocqueville had a strong faith in the democratic instincts of the majority of the people. Because he knew that nations accustomed to freedom would never voluntarily submit to totalitarian rule, Tocque-

[4] Alexis de Tocqueville, *The Old Regime and the French Revolution.* (New York: Anchor Books, 1955), p. 169.

[5] In using the word "serfdom," Tocqueville was being precise. The British Labour Government, in 1947, passed an Act giving itself the power to assign any British worker to any job that *it* saw fit –for any length of time. See F. A. Hayek, *The Road to Serfdom* (Chicago, Phoenix Books, 1957), p. xiii.

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ville was able to predict accurately that "hot" socialism would eventually be abandoned by almost all serious Leftists in Western Europe and the United States.[6] He saw that democracies would instead be corrupted slowly and almost unnoticeably by "a servitude of a regular, quiet, and gentle kind." He foresaw further that this "new despotism" would combine with some of the outward forms of freedom[7] and that it would establish itself under the guise of the sovereignty of the people.

A True Prophet

Three decades before the *Wohlfahrstaat* of Bismarck and a full century before the Second New Deal, Tocqueville correctly perceived what many men of good minds and liberal education have difficulty in seeing even today. He understood that the time would come when a "new thing" which he could not name would have a power that is "absolute, minute, regular, provident, and mild." Its authority would be like that of a parent, he wrote, except that a parent prepares his children for adulthood, while this power seeks, on the contrary, to keep its charges in perpetual childhood. This government willingly labors for the happiness of its subjects, "but it chooses to be the sole agent and only arbiter of that happiness; it provides for their security, foresees and supplies their

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[6] See R. H. S. Crossman, *Socialism and the New Despotism*. Fabian Tract Number 298, London, 1956. On page one of this pamphlet, one of the Labour Party's leading intellectuals writes that "more and more . . . people are having second thoughts about what once seemed to them the obvious advantages of central planning and the extension of State ownership." He points out that "the discovery that the Labour Government's 'Socialism' meant the establishment of vast bureaucratic corporations," of "a vast centralized State bureaucracy [which] constitutes a grave potential threat to democracy," had made it apparent that "the main task of socialists today is to convince the nation that its liberties are threatened by this new feudalism."

[7] This point is of crucial importance, for it is the distinctive characteristic of the Welfare State; its proponents deny that they are socialists or authoritarians and, in most cases, they sincerely believe that their innovations would not seriously impair our freedoms. Prof. F. A. Hayek, in his latest book, *The Constitution of Liberty* (p. 259) explains, in one succinct paragraph, what Tocqueville's prophecy has come to mean:

"We shall see that some of the aims of the welfare state," he writes, "can be realized without detriment to individual liberty, though not necessarily by the methods which seem the most obvious and are therefore the most popular; that others can be similarly achieved to a great extent, though only at a cost much greater than people imagine or would be willing to bear, or only slowly or gradually as wealth increases; and that, finally, there are others — and they are those particularly dear to the hearts of the socialists — that cannot be realized in a society that wants to preserve personal freedom."

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necessities, facilitates their pleasures, manages their principal concerns, directs their industry, regulates the descent of property, and subdivides their inheritances: what remains but to spare them all the care of thinking and all the trouble of living?"[8]

Our Condition Foreseen

This then, as Tocqueville foresaw it, is the approximate condition of society in the United States today. We live in the shadow of a "Bland Leviathan," an overpowering influence predicated on the root assumption that the needs of society, as determined by the planners, should take precedence over the liberties of individuals. He saw that this leviathan was implacably opposed to individuality and free growth, to all the great moments of Western civilization, and, indeed, to human nature itself. The three necessities of a higher civilization – progress, excellence, and freedom – have always been its natural enemies. Because it is bland and because it lacks a definite purpose, it does not attempt to kill these enemies outright; instead, it imprisons, cripples, or slowly suffocates them.

Any limitation on freedom, Tocqueville realized, must inevitably restrict progress. He feared, in fact, that the equalitarian oppression which was aimed at society's most independent thinkers would result in a general deadening of civilization. "Man will waste his strength in bootless and solitary trifling," he wrote, "and swing backwards and forwards forever without getting fresh ideas."[9]

Ironically, it is many of our best and most creative minds that are bringing us to a point where our medical profession, most of our educational system, and the greater part of our scientists will be slowly absorbed under the all-protecting power of the federal government. Beguiled as they are by the humanitarian visions of the Welfare State, these men have forgotten what, upon reflection, they must admit: that no man or group of men can hope to direct the creative energies of a nation without those energies being diverted into the safe and traditional patterns so congenial to administrators.

Progress has been defined as that which the rules and regulations do not foresee. Admiral

[8] Alexis de Tocqueville, *Democracy in America*. Vol. II, p. 336.

[9] Quoted in Russell Kirk's *The Conservative Mind*, (Chicago: Regnery, 1960), p. 225. Tocqueville here almost exactly describes the modern bureaucrat's fondness for paperwork and for using words and phrases which convey the impression of activity while concealing his lack of accomplishments. Examples come readily to mind: "coordination," "stability," "continuing effort," "the situation is under analysis," etc.

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Hyman Rickover, among many others, has recently borne witness to the difficulties in any system where professional administrators are assigned to supervise intellectuals.[10] The instincts of the two groups are almost completely opposed. The creative man wants plenty of room and time to follow his own hunches; he often harbors a disinterest in, or even a contempt for, the other "members of the team." The bureaucrat is trained to shun innovations; he is suspicious of reform; his life is dedicated to following precedents; in his world there is no place for initiative.

Smothered Equally

Just as no society based on the principles of the Welfare State can encourage progress, neither can it long endure the existence of excellence – except as a strictly private possession to be nurtured after hours or in retirement. It is becoming increasingly clear that in all but a few parts of the "public sector" and in large areas of the private, all talent above the average is being quietly smothered in the name of "equality" and "democracy." Since above-average ability in the right places is, of course, a necessity for progress and productivity, it is not difficult to see where the road we are on will end.

Next to freedom itself, the ruling passion of Tocqueville's life was a hostility to mediocrity in all its forms. He was certain that when the average, the norm, are consistently held up as standards to be identified with, individuality – and with it a free society – must soon perish.

After progress and excellence have been relegated to the dustbin of history, freedom will be the last victim of the Welfare State – as it makes the transition to a totalitarian regime. As government gets bigger and bigger, there is an increasing tendency for the democratically elected legislature to delegate wider and wider powers to administrative agencies. These agencies are always supervised by nonelected officials who are practically independent of the President, the Congress, or the courts.[11] Lord Ewart, in his important book, *The New Despotism*, cites as one example of this trend the Rating and Valuation Act of

[10] Vice-Admiral Hyman G. Rickover, "Don't Hamstring the Talented," *Saturday Evening Post*, February 13, 1960.

[11] Numerous examples of the harassment of private citizens by petty officials of the federal agencies (FTC, NLRB, FCC, etc.) are given in Lowell Mason's *The Language of Dissent* (New York, 1959). The author enunciates "Mason's Law" which holds that bureaucracy, out of view of the public eye, will arrogate to itself all power available under a statute, despite constitutional limitations.

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1925 in which it is provided that . . . "[the Minister] may modify the provisions of this Act so far as may appear to the Minister necessary or expedient for carrying [his orders] into effect."[12] The planners, it has been said, start by wanting to control things, but they end by controlling people.

Evidence such as this, which points to the inherent dangers in an expanding government, has, by 1961, become overwhelming. Despite all these examples, however, we are still being solemnly assured by people who will insist that they are democrats, that we should not be afraid of state power. After all, they will say, *we ourselves* are the government. Except for a few minor cases, this platitude was never true, and in this century, there is far less basis for the idea than there ever was.

Encourage Individuality

The proper solution to the problems posed by democracy, according to Tocqueville, was not a reversion to aristocracy, but rather a renewed determination to harness the many virtues of the democratic process in order to insure that the rights of individuals would not be sacrificed to the demands of the state. He believed that free institutions could not be preserved except on a basis of equality. "Far from finding fault with equality because it inspires a spirit of independence," he wrote, "I praise it primarily for that very reason." By making all men conscious of their rights, he thought, "equality would prepare the remedy for the ills which it engenders."

Tocqueville clearly showed the way in which modern society could, if it chooses, escape from "the new despotism." A proper concept of equality is the first necessity; everywhere we must strengthen the position of private individuals – at all levels of society – in their own rights and property. Almost as important, we must strengthen those *intermediate powers* which stand between the government and ourselves, that is, our churches, labor unions, newspapers, political parties, business organizations, fraternal orders, and so on. It is difficult, in a mass society, for one person to make himself heard, but it can be done if he uses the amplifier provided by his like-minded associates. Following the same principle, we must maintain all the peculiar rights and duties of each of our independent governing bodies: the courts, Congress, the Presidency, the states, and the local administrations. At the same time

[12] Lord Ewart, *The New Despotism* (London, 1929), p. 10.

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we must be alert to promptly limit any or all of these bodies when they exceed their authorized powers.

We must also beware of slogans such as "national interest" or "national purpose." The words "national interest," especially in a time of war or emergency, often do mean something, but just as often they serve merely as a convenient device for justifying authoritarianism. The notion behind the idea of a national purpose, of course, is a dangerous one. It is based on the assumption that there is a collective interest which is separate and different from the interests of all the people who compose the society. In this country, until recently, we have always had individual hopes, ambitions, purposes; we have left the "national purposes" to the totalitarian states with their stadiums full of troops and flags.

As we have seen, no man better understood this conflict between the individual and the collective than did Tocqueville. On this problem, as on many others, he expressed what needed to be said when he wrote:

> It would seem as if the rulers of our time sought only to use men to make things great; I wish that they would try a little more to make great men; that they would set less value on the work and more on the workman; that they would never forget that a nation cannot long remain strong when every man belonging to it is individually weak; and that no form or combination of social policy has yet been devised to make an energetic people out of a community of pusillanimous and enfeebled citizens.[13]

This is not an ideal to appeal to many politicians – who love power – but it should appeal to all those who love the ideas that Tocqueville worked so hard to preserve: progress, excellence, and freedom. ◈

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[13] Alexis de Tocqueville, *Democracy in America*. Vol. II, p. 347.

IDEAS ON LIBERTY

The Greatest Boon of All

THE PROFIT SYSTEM is the only one compatible with our political, moral and economic traditions. Only under the profit system has man attained those ends by which we set so much store: independence, ownership of property, savings, a sense of responsibility, a rational planning of one's own life, and, that greatest boon of all, the freedom of choice and the courage to make it.

ROGER M. BLOUGH, Chairman of the Board,
United States Steel Corporation

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CHARLES H. MALIK

THE WORLD has become physically one, as a result of fast transportation and instantaneous communication. On the other hand, here are these one hundred nations of which the United Nations is composed: they display so many sovereignties, a dozen religions, a score of cultures, hundreds of languages, a score of social orders, many different forms of government, and a dozen or more stages of economic development. Despite the fact that the world has been physically brought closer together, it is obvious that in these several realms there is no unity about the world at all. In fact, the more the diverse peoples and cultures of the world get physically closer together, namely, the more they see and rub shoulders with and know one another, the more they tenaciously hold to and consciously become jealous and proud of their distinctive cultural heritages.

The mind then is bewildered: it wants unity – that is indeed its innate tendency – but it finds only physical unity, the most superficial and the most external of all unities. This silly unity (that we are all now physically neighbors of one another, that we inhabit the same planet, etc.) does not satisfy it – and no wonder. Goaded by its unabating quest for unity, the mind then hits on the next best thing: all these human beings are,

Illustration: A. Devaney, Inc., N. Y.

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after all, animals; they all need food, clothing, and shelter, and a minimum standard of material existence; here then is an obvious principle of unity – *man is an economic animal.*

In this way the whole of humanity is neatly leveled down onto this one single plane – the plane of the levels of economic development. Everything else is viewed as derivative from and dependent on this. Culture is a function of the economy, religion is a function of the economy, morality is a function of the economy, the system of government is a function of the economy, etc. And when the thinker or statesman who is thus engaged in this unifying or simplifying or leveling-down process happens also to be one who does not have fundamental convictions of his own, or who had them once but has "outgrown" them since, or who has them but is ashamed of confessing them, or who has them but is afraid that they prove too "divisive," or who dreads being "persecuted" on account of them, or who belongs to a racial or religious or some other kind of minority, then he clings all the more firmly to this wholesale materialization of man as his ark of salvation.

At last a principle has been found which will equalize all men and he will not have to stand out; here is a materialist brotherhood; in this all-embracing sea of matter all men – and therefore he, the timid or lonely or frightened or rebellious one – can safely swim without discrimination and without scandal or offense. Any other principle of unity will either leave him out or leave large segments of humanity out (and, as a "humanitarian," he wants to include *everybody,* the whole of the "human race") or bring upon his head the persecution of the world. Nothing then is safer, more equalizing, more comfortable, and more "needed," than the seamless sea of matter. As fish in this sea we are all "brothers."

What Is Materialism?

Philosophically, precisely what is materialism? Materialism is not just a belief in the existence of matter, namely, of something accessible to our senses; in this sense, everybody, including the most outspoken idealists, is a materialist. Nor is it just the doctrine that there is a substratum, whether or not we sense it, and whether or not in every case it is the same kind of substratum, out of which everything is composed – say, the hard, round balls, the atoms, of the classical atomic theory, or the "probability waves" of the recent versions of that theory; again, in the sense that

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everything is composed of some kind of substratum, everybody, including the saints and the theologians, is a materialist, for God, under any theory, has some substratum. Nor is it just the belief that man cannot exist without food and drink and air, and this body which is composed of flesh and blood and bones, and a general material solid support, say the earth, on which he can lean; again, in this sense, everybody, including the most radical ascetics, such as the hermits of the desert, is a materialist.

Materialism rather is the denial that there is a higher and a lower in existence and that the higher is completely independent of the lower and can never be reduced to it. The precise metaphysical formulation and refutation of this doctrine, including a survey of its historical development, is outside the scope of this lecture. But when the whole – any whole – is looked upon as only the sum total of its parts – that is materialism. When the highest and most distinctive in man – his mind, his spirit, the fact that he can be touched and transformed by something that is holy and divine – when all this wonderful side of man is reduced, as an epiphenomenon and without any remainder, to his bodily functionings – that is materialism. When mind, spirit, truth, ideas, principles are denied an absolutely original potency – that is materialism. When nothing that is fixed and firm and given and complete and perfect and full of being is allowed, when everything is dissolved into the fluency and flux of elements and things – that is materialism. When man is interpreted as made up only of insatiable and uncontrollable desire – that is materialism. When quality is overwhelmed by sheer quantity – that is materialism. When, surveying the majestic orderly evolution of the past, the mind derives, as by magic, the higher integrally from the lower, the more perfect integrally from the less perfect, the more advanced integrally from the more primitive, the different integrally from the same – that is materialism. When the whole of human life is viewed as inherently without rest, without repose, without peace, without grace, without fullness of satisfaction – that is materialism.

Seed Bed for Communism

Now as these things constitute the very warp and woof of modern civilization, is it any wonder that materialistic communism, with its exaltation of human desire, with its derivation of all ideas and all norms and all valuations from the sheer economic struggle, with its interpretation of history as the

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product only of conflicting class interests, interests that can never be reconciled except through violence and the destruction of one class by another, with its inciting of all that is primitive and elemental and unformed to rise up against all that is more perfect, more developed, more sure of itself, with its doctrine that in the end there is nothing, nothing, nothing, save atoms in motion — is it any wonder, I say, that materialistic communism has found in this spiritual climate of modern civilization a perfect soil for its development? ◈

Dr. Malik is University Professor, The American University, Washington, D.C. He also has been President of the General Assembly of the United Nations and was Ambassador of Lebanon to the United States.

The above article is an excerpt from his address, "The Individual in Modern Society," delivered at the second Corning Conference, May 18, 1961. Copies of the full address in booklet form may be obtained by writing The Director, Corning Glass Works Foundation, Corning, New York.

TELEPHONIC CENTRALIZATION

IT HAS ADMITTEDLY taken a long time for the state to swallow up all the private companies in Norway, but we are nearing the end of the road. There are only three private exchanges and a handful of private city phones left. Of 738,000 telephones in the whole country, only 35,000, or 5 per cent, are now private.

We are beginning to note the consequences. In the Department's plan for future development, one can read in detail about the state's abuse of control of telephone communications; the telephone queue has remained the same for 10 years. The latest figures show 44,000 on the waiting list, but the list is really longer: people have given up trying. In the "Plans for Development" the situation is described as follows:

"A number of applicants for the Oslo Exchange have unfortunately been on the waiting list for a very long time. Of those on the list on December 31, 1960, 837 are applicants from *1952 or earlier.*"

"Earlier"! That is as far back as 1940! In other words, in the nine-

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This article has been translated and condensed from the Norwegian weekly, *Farmand*, published and edited by Dr. Trygve J. B. Hoff.

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teenth century it took only three years from the first patenting of the telephone in the United States to the opening of the first private telephone exchange in Norway. But under the Labour Party government, 80 years later, people are on the waiting list for 10 to 20 years without getting a telephone at all; and tens of thousands of others cannot even be bothered applying, because they know it is no use.

In the meantime, the government is not lacking in *plans*. In the years 1958-61, 34,000 new phones were to be put into operation in the Oslo area. We know now that the number will fall short by 19,000.

The "plan" for the whole country was to increase the quota for new phones from 20,000 a year to 30,000. Instead, the government will now "postpone" its good intentions to the next Four Year Plan, in the period 1962-65. The theory is that if the plans are successful, the waiting list would then be reduced by 7,500 per year.

But all this does not amount to much. Theoretically, one should get rid of the waiting queue in 6 years. But the telephone density is barely 20 per 100 inhabitants in Norway, as against 35 in Sweden; and Norway needs 500,000 new phones to catch up with Sweden. So it is obvious that the *planned* tempo *will not satisfy needs within our generation*, even if it is kept up. The Telegraph Works consoles itself by saying that we are only 14 years behind Sweden. This optimistic viewpoint comes from a complete misinterpretation of its own statistics.

It is true that Sweden's telephone density 14 years ago had reached the same level as Norway's today; but in the intervening years Sweden has provided slightly over one new telephone per 100 inhabitants, against .6 here. If we proceed at the present rate, it will take us another 25 years – in 1985-86; such a goal will obviously be made out-of-date by further development.

This scandalous situation in Norway is a classic example of the results of state control. Under genuinely private enterprise, a phone would be available at a day's notice.

The fault, without doubt, lies in the so-called "planned economy." The government has no objection to increased incomes; but it is determined to control what people spend their money on. When people ask for telephones, the state replies that they must spend their money on something else. It is all tied up in the socialists' desire to direct consumption, along lines determined by the bureaucracy at the top. ◈

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URBAN UTOPIANISM

IT WAS CONSIDERED a great tragedy when the center of England's Coventry was bombed out by the Nazi *luftwaffe* in the early days of World War II. But when the center of New Haven, Connecticut, which happens to be the small metropolis of the area in which I live, is demolished by federal grants from Washington, it is considered a triumph for "planning" even when the void refuses to be refilled.

Having looked at Coventry in 1946 and New Haven in 1961, I remain quite unable to grasp the distinction between war and politically directed "urban renewal" in their physical effects on the city. In either case useful buildings are demolished along with some which have undoubtedly seen their best days. In either case the possibility of voluntary renewal on the human scale that results from spontaneity and meaningful individual or small group calculation is rudely set aside.

The school of thought that is represented by Lewis Mumford's *The City in History* (Harcourt, Brace and World, $11.50) and by Lorin Peterson's *The Day of the Mugwump* (Random House, $6.00) doesn't mind very much when area "planners" who have no stake in the ownership of a region gain an opportunity to remake its contours. The Mumford-Peterson argument is that the "planner," unimpeded by fractious individuals, may endow a new city center with esthetic harmony. He may also forget crass considerations of profitability. But this is to assume that the planner has some decent esthetic standards in the first place. It also assumes that the test of profitability is wrong, which is not necessarily true.

The late Mayor La Guardia of New York once said that "When I make a mistake, it's a beaut." When politically empowered city planners make mistakes, they beat La Guardia all hollow. Just why this should be so is the concern of Jane Jacobs' remarkable attack on the conventional city planning, *The Death and Life of Great American Cities* (Random House, $5.95). Mrs. Jacobs, who lives in the Greenwich Village section of New York, likes

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big city life, for it gives her the benefit of other people's diversity and it allows her to live for herself and her family without being subjected to prying eyes.

The Reasons for a City

Knowing what a big city is for, Mrs. Jacobs has devoted her book to isolating the sources of diversity and privacy. It is her conviction that a city, to be vital, must be the sum of thousands of individual and small-group plans and that, as such, it cannot in itself be a work of art – i.e., a conscious *selection* from life by a single organizing intelligence. If and when a city achieves beauty (which is sometimes the case), it is because the standards of taste of its dwellers are individually high. The eighteenth century town that looks so neat (see Williamsburg in Virginia, or any New Hampshire village) resulted from a shared consciousness of style, not from architectural fiat. Even cities whose sites were planned (as in Washington, D. C.) have not been able to escape the necessity for spontaneity on the part of the inhabitants. Where spontaneity has resulted in ordered beauty, it is because of consensus in taste, which is something different from "planning."

Diversity is necessary to a city for a thousand-and-one reasons. There must be markets for many talents. There must be room for many recreations. Moreover, the markets and the opportunities for recreation must be close together. The economics of the situation demands a mingling of new and old buildings for the obvious reason that there are many desirable careers which are only compatible with cheap rents. The impecunious artist looking for a good north light may need an abandoned loft at a low price. The maker of keys will need a hole-in-the-wall, as will the seller of sheet music or old prints. Such people must for obvious economic reasons be excluded from the planned "redevelopment" – and when they are pushed away, one big reason for preferring city life to suburban or village life simply evaporates.

Projects and Problems

Mrs. Jacobs dislikes "project" building for many reasons. As a true democrat (small "d") she resents the fact that "newness," imposed by the planner's ruthless impartiality, requires extreme income-grouping. Like is herded together with like. A "development" must be financed according to across-the-board standards: one must be able to "pay the freight" to live or work in a "planned" area. True, the freight can be subsidized, or partially subsidized.

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But when low-income housing is donated to people by political Merlins, the "development" is promptly filled up by the hopeless and the apathetic – by people, in short, who have no "plans" of their own. They promptly proceed, by their attitudes, to turn the low-income development into a slum that has all the disadvantages of the old slum and none of the possibilities for random renewal at a few points that might create a contagion for a wider upgrading.

One big trouble with the impartial imposition of "newness" on any large area of a city is that it insures a uniform rate of decay. The fashionable development of today is the frowsy lower middle class haven of tomorrow. And, inevitably, it is the slum of the day-after-tomorrow. On the other hand, a region that consists of a mingling of the new and the old will make for individual challenge at all times. In the Rittenhouse Square region of Philadelphia, or the Washington Square region of New York, the older buildings are either reconditioned or weeded out as the inhabitants and owners strive to keep pace with the best that is around them.

The conventional "planner" has a passion for open spaces that runs to mania. For her part, Mrs. Jacobs is not against parks or strips of greenery, but she contends that the uses of the open space in a city must be understood. When an open space is divorced from overlapping uses, it quickly becomes a source of evil. The worst gang rumbles in New York take place in parks that have gone "dead." A park, to be safe and useful, must be part of a region that remains active almost around the clock. When people are appearing on the streets at all times, there is self-policing. But when everybody deserts the streets at once to go inside (as happens in a "developed" area save during rush hours in the morning and the late afternoon), there will be deadness wherever there is an isolated stretch of green. In consequence, those who try to cross a green belt or to enjoy a big park at night will be easy prey for the footpad or the degenerate.

Pittsburgh in a Hurry

In *The Day of the Mugwump* Mr. Lorin Peterson praises what city planners, sparked by political mugwumps, have been able to do for downtown Pittsburgh, for example. But downtown Pittsburgh was "saved" largely because Richard K. Mellon had the money to carry through big-scale change without begging from Washington. Even so, Mrs. Jacobs thinks the remade Pittsburgh has its drawbacks.

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For example, the Pittsburgh Parking Authority's downtown garages are operating only at 10 to 20 per cent of capacity at eight in the evening. But three miles from downtown, in the Oakland section which contains the Pittsburgh symphony, the civic light opera, the little-theatre group, the most fashionable restaurant, two major clubs, and the Pittsburgh Athletic Association, the parking problem at night is terrific. Good "planning," so Mrs. Jacobs implies, would have distributed the functions of the Oakland and the downtown Golden Triangle sections of Pittsburgh in a different pattern, providing for overlapping use as between night and day.

But even with Mr. Mellon's money could there have been "good" planning in such a cataclysmic burst? On Mrs. Jacobs' own showing, the official planning mind is a "witless" murderer of diversity; it proceeds "by deliberate policies" to sort out "leisure uses from work uses, under the misapprehension that this is orderly city planning." Mr. Mellon might have done better for Pittsburgh if he had made haste more slowly, without depending too greatly on political alliances. The most tasteful – and diversified – planning on New York's Manhattan Island, for example, has been done by the Rockefellers at Rockefeller Center, without political compulsion or reliance on the official planning mind.

In her introduction Mrs. Jacobs notes her dissent from the planning ideas that are uppermost in Lewis Mumford's gigantic *The City in History*. The dissent is well taken, for Mr. Mumford, though he is a man of generous emotions, has never succeeded in analyzing state power for what it is, a killer of spontaneity in the citizen. Nevertheless, Mr. Mumford's huge book has many virtues as well as a few transcendent defects. Taken purely as a chronological unfolding of its subject, *The City in History* is masterly. Its shortcomings derive from Mr. Mumford's feeling that the city should be a "work of art" in the true sense – i.e., it should be a *selection* from life shaped and imposed by a master mind.

But, to return to Mrs. Jacobs, a city is not a canvas, to be filled by a Renoir; it is a collection of people who have their own individual canvases to fill. In applying the artist's test to city planning as a whole, Mr. Mumford is an unwitting advocate of political tyranny. Mrs. Jacobs is quite correct in preferring "chaos" to the central planning that does not allow for the spontaneous eruptions of men with plans of their own. ◈

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▸ FREEDOM AND THE LAW by Bruno Leoni. Princeton: D. Van Nostrand Co., Inc. 204 pp. $6.00.

Reviewed by William H. Peterson

EVER SINCE the Pharaohs of Egypt and the theocracies of the Greek city-states, Everyman has had a pronounced tendency to view the law as a mystique, a magnificent fount of splendor and power and justice and wisdom, practically a divine spark – as is seen in the theory of the divine right of kings and the deistic charisma of *Der Führer*, *Il Duce*, and "Comrades" Lenin, Stalin, and Khrushchev.

The aura of greatness surrounding the law – and certainly the respect for it – have doubtlessly been enhanced by the implementation techniques of law, techniques imbued with persuasiveness – the armed sheriff, the constabulary, the black-robed and sometimes bewigged judges, the jail, the destructive might of armed forces from the age of the battering ram to the age of the nuclear war head. And whenever this power is invoked, the law is invoked, much in the way that two opposing armies enter a battle after invoking the help of the same God. At any rate, legal might is sometimes mistaken for legal right. Who is not awed by the "majesty of law"?

But not all men have been overawed. Mr. Bumble in Dickens' *Oliver Twist*, for example, referred to the law as an "ass" and an "idiot." Frederic Bastiat, a contemporary of Dickens, saw that the law oftentimes descended into what he called "legalized plunder." H. L. Mencken, the caustic soda of the twentieth century, was outspokenly unawed by the law, lawyers, or lawmakers. Scholars of the mark of a Friedrich Hayek and a Roscoe Pound, seeking the reinstitution of the Rule of Law, have called attention to the dangers in the rise of administrative law. And now comes another hard look at the law by the eminent scholar, Bruno Leoni, Professor of Legal Theory and the Theory of the State at the University of Pavia, Italy, and European Secretary of the Mont Pelerin Society. *Freedom and the Law* is an outgrowth of a series of lectures delivered by Professor Leoni at the Fifth Institute on Freedom and Competitive Enterprise at Claremont Men's College, California, in June of 1958.

Professor Leoni sees the bloated lawbooks as a threat to individual freedom. He sees the proliferation of the law into virtually every field of human endeavor as an invasion of human freedom. Inflated legislation and voluminous administrative rulings, he argues, are overriding common law, custom, convention, the tacit rules of so-

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ciety, private arbitration, and the spontaneous adjustments of individuals and groups. The area of individual choice is being narrowed; the area of legalized coercion expanded.

The law, in other words, has been perverted into a weapon in the hands of victorious parties and interests, a weapon of the majority against the minority, and of a coalition of minorities against the majority. It has become a manipulative pawn in the parliamentary maneuvers of logrolling and vote trading. It has departed from the Golden Rule of doing unto others what you would have others do unto you, and the consequence is what Mises calls omnipotent government. The law now undertakes all sorts of unprincipled schemata, progressive income taxation, "land reform," managed currency, and economic planning. The law now offers special privileges and dispensations to unions, veterans, farmers, underdeveloped peoples, and other selected minorities and pressure groups – the idea of one law common to all being passé.

So bad law, in the Leonian sense, feeds on itself and grows and grows and grows. One only has to look at the yards of casebooks and other necessary materials lining the shelves in the offices of tax attorneys and accountants to realize the legalistic maze created by the Sixteenth Amendment. And the income tax is but one phase of modern law: One has only to dwell on the fact that Congress in a typical session passes not dozens, not scores, but literally hundreds of laws to realize that through the multiplication of statutes the state is expanding and the individual shrinking.

That this inflation of legislation is producing not order but chaos is the conclusion of Professor Leoni. To document his case he calls as expert witnesses such legal authorities, living and dead, as Coke, Dicey, Montesquieu, and the afore-mentioned Roscoe Pound, and such economic authorities, past and present, as Pareto, Marshall, Kelf-Cohen, and the afore-mentioned Ludwig von Mises. He marshals historical evidence from the Greek, Roman, English, Continental, and American legal systems, correlating the laws of different nations and different times as movements toward or away from freedom.

For example, he spots the connection between the Norris-LaGuardia Act of 1932 in America and its counterpart in England, the Trade Union Act of 1906. Both laws restrict the power of the courts to issue injunctions against unions in labor disputes. The extension of this privilege broke with the important legal theory of "equal-

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ity before the law." To this extent the law injected a degree of chaos into the labor relations of Britain and America. In sum, what the world needs is not more law but less law, more quality and less quantity. Everyman should praise his legislators, not for the laws they pass but for the laws they repeal.

This book is an important contribution of the literature on human freedom. It merits the attention of all those concerned with the proper relationship of men to the State. As Bruno Leoni puts it: "My earnest suggestion is that those who value individual freedom should reassess the place of the individual within the legal system as a whole." ◈

▸ A HANDBOOK FOR INDEPENDENT SCHOOL OPERATION edited by William Johnson. Princeton: D. Van Nostrand Company, Inc. $5.85.

Reviewed by Frank B. Keith

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Mr. Keith teaches at Keith Country Day School, Rockford, Illinois.

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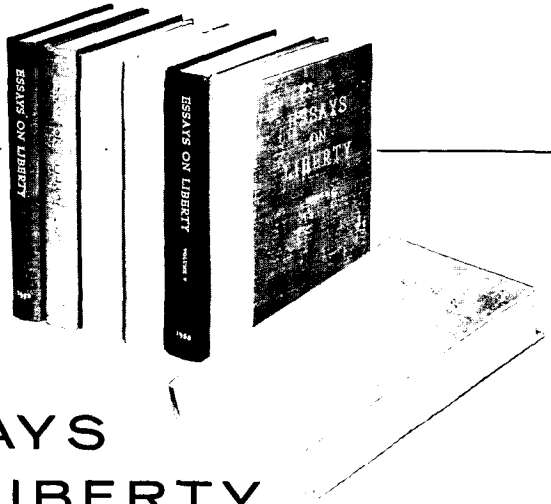

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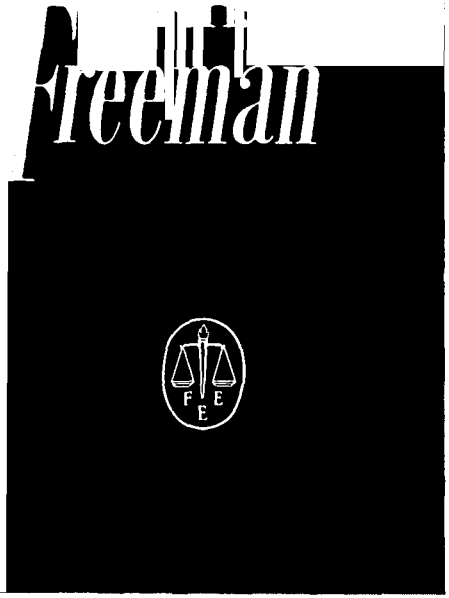

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